

FINAL QUOTATION 02/13/2013 Revision 1

Customer: **Lincoln Paper & Tissue LLC**
50 Katahdin Ave. P.O. Box 490
Lincoln, ME 04457

Supplier: **Andritz Inc.**
101 Bamberg Drive
Pell City, AL 35125

Contact: David Cook

Contact: Rory Bonds
E-mail: rory.bonds@andritz.com

Our Job #: 50384773

(205) 338-3331 ex. 238

Your PO #: 00087512

Inquiry #: Q12C9

Reference: 260L High Pressure Feeder Rebuild



Gentlemen:

Inspection of your 260L High Pressure Feeder, S/N: 3018, has been completed and we are pleased to offer our final proposal for the repairs as follows:

INTRODUCTION and PROGRESS REPORT

This quotation is for the rebuild of your 260L High Pressure Feeder, which includes the standard rebuild of this unit according to Andritz Inc. O.E.M rebuild specifications. The additional workscope required to restore this unit to a like new condition will be listed below.

The following work has been completed to date:

Sandblasting, cleaning, inspection and measurement of all components.

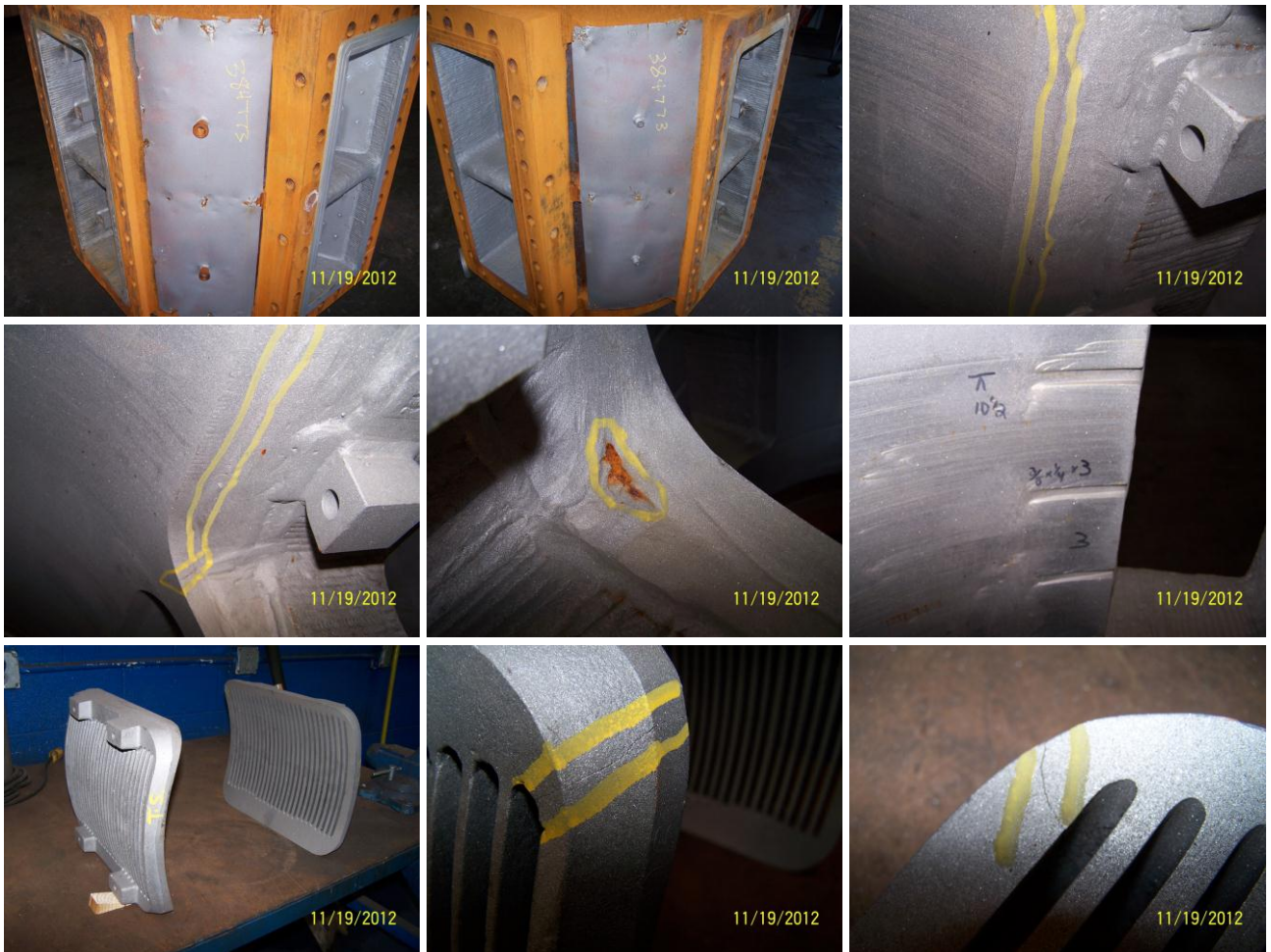
FINDINGS and DEFECTS

Housing

- **NOTE** – This may be the last rebuild using this liner. Liner may require replacement during the next rebuild of this unit.
- **Grids are cracked, below minimum thickness, and determined to be un-useable. They will be replaced with (2) used grids, however, new grids will need to be purchased at next rebuild.**
- Weld repair cracks in liner using stainless steel sufficient to remachine and clean-up bore.
- Assemble stainless steel flange skins on the top and bottom flanges to prevent erosion.
- Modify housing for, and assemble new steam jackets, distribution piping, and drain piping. The feeder was received without steam piping.

Additional materials required

- Additional weld material required.
 - New Piping for Steam Distribution.
 - Material for Steam Jackets.
 - Material for Top and Bottom Flange Skins.
- 2 Used Screen Grids.



Tending Side End Head

- Weld repair erosion on back side of head and grind to blend-in.
- Overlay and remachine pilot fit and gasket face sufficient to remachine for proper fit with charted housing.
- Skin cut gasket face to true-up.
- Bush damaged bearing bore and remachine to print dimensions.
- Bush damaged bearing seal bore and remachine to print dimensions.
- Remove and replace wear ring.

Additional materials required

- Additional weld material required for erosion repair.
- 1 New bushing for bearing bore repair with machining – steel.
 - 1 New bushing for bearing seal bore repair with machining – steel.
 - 1 New Flinger complete to print.



Drive Side End Head

- Weld repair erosion on back side of head and grind to blend-in.
- Rotate and re-drill damaged pack-box stud holes.
- Overlay and remachine pilot fit and gasket face sufficient to remachine for proper fit with charted housing.
- Skin cut gasket face to true-up.
- Bush oversized bearing bore and remachine to print dimensions.
- Bush damaged bearing seal bore and remachine to print dimensions.
- Bush oversized pack-box bore and remachine to print dimensions.
- Remove and replace wear ring.

Additional materials required

- Additional weld material required for erosion repair.
- 1 New bushing for bearing bore repair with machining – steel.
- 1 New bushing for bearing seal bore repair with machining – steel.
- 1 New bushing for pack-box bore repair with machining – stainless steel.
- 1 New Flinger complete to print.



Rotor

- No defects were found in the rotor. It will be overlaid and remachined to fit charted housing.



Tending Side Journal

- Tending side journal is severely damaged due to a bearing failure and will be replaced.

Additional materials required

- 1 New T.S. journal forging - with machining.



Drive Side Journal

- Drive side journal is severely damaged due to a bearing failure and will be replaced.

Additional materials required

- 1 New D.S. journal forging - with machining.



Adjusting Arrangement

- Machine thrust bearing housing I.D. as required for weld repairs to damage.
- Weld overlay thrust bearing housing I.D. sufficient to remachine to print.
- Weld repair damaged slots on O.D of bearing housing and remachine slots to print.
- Remachine thrust bearing housing to print.
- Replace damaged lock handle assembly.
- Overlay and rethread Spindle to straighten and fit existing brass nut – due to wear.

Additional materials required

- Additional weld material required to overlay spindle.
- 1 New metric adjusting scale.
 - 1 New lock handle complete to print.
 - 1 New lock handle sleeve complete to print.
 - 1 New lock handle spring complete to print.
 - 1 New Air Maze Filter.



Drive Coupling Repair

- Repair (3) damaged 1/2"-13 threaded holes with recoils
- Drill set screw hole oversized to remove cracks.



Hardware

- Replace end head attachment hardware – torqued hardware.
- 24 HHCS, 1-1/4"-7 x 3-1/2" lg., SA193-B7. – for TS end head.
- 12 HHCS, 1"-8 x 3" lg., SA193-B7. – for DS end head.
- 8 Studs, 3/4"- 10 x 5" lg., F593 GRP7 – for both pack boxes.
- 8 Nuts, 3/4"-10" 304 stn. stl. - for both pack boxes.
- 8 Flat Washers 3/4" 304 stn. stl. - for both pack boxes.

THIS IS A REVISION TO THE ORIGINAL QUOTE DATED 02/07/2013, AND ADJUSTS THE "STANDARD REBUILD PRICE" TO THE "BUDGET QUOTED PRICE", AND ALSO SHOWS THE ADDITIONAL PIPING REQUIRED PRICING SEPARATED FROM THE HOUSING ADDITIONAL PRICING.

Budget Quoted Rebuild Price.....	\$43,400
Housing Additional Workslope (including flange skins).....	\$11,335
Additional Steam Piping.....	\$4,970
Andritz Supplied Used Grids (these will need to be replaced on next rebuild).....	\$2,000
Additional End Head Repairs (includes bushings for 2 bearing bores, 1 seal bore, and 1 pack-box)....	\$15,009
Adjusting Arrangement.....	\$3,602
New Journals (drive side and tending side).....	\$21,162
Drive Coupling Repairs.....	\$473

Total Rebuild Price Including Additional Workslope.....\$101,951

N O T E – Below is the current pricing for new grids. If this option is chosen for this rebuild, add the below price in the place of the "used" grid pricing above. Also, we do not currently have 260 grids in stock. If you choose new grids this will be a late May or early June delivery, provided you let us know quickly.

New Investment Cast Grids.....\$16,468

This Quotation is the confidential and proprietary information of ANDRITZ INC. Any party accepting receipt of this Quotation does so on the express understanding and agreement that it will neither copy, reproduce, disclose to third parties nor use this Quotation for any purpose other than those expressly agreed to by ANDRITZ INC. in writing. Such party also agrees to indemnify Andritz Inc. against any losses or damages suffered by Andritz Inc. as a result of such parties' improper reproduction, disclosure or use of this Quotation.

Terms and Conditions

Sales are subject to Andritz Inc. Standard Terms and Conditions

Delivery: April 2013

Terms of Delivery: Our terms of delivery are FCA "Pell City" INCOTERMS 2010

Terms of Payment: 50% Cash Due Prior to Shipment. Balance Due net 30 from Ship Date

Validity of Quotation: This quotation is valid for **30 days** from date of issue.

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Please do not hesitate to contact us if you require further information.

Andritz Inc.
Pell City Rebuild Center

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Customer Service Manager
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TERMS AND CONDITIONS OF SALE AND/OR SERVICE

1. TERMS APPLICABLE

The Terms and Conditions of Sale and/or Service listed below are the exclusive terms and conditions applicable to quotations made and orders acknowledged by the Andritz entity supplying the same ("Seller") for the sales of products, equipment, parts and/or services relating thereto ("Products" and "Services"). If this quotation or acknowledgment contains terms additional to or different from those offered by Buyer, then any acceptance by Seller is expressly made conditional upon Buyer's assent to such additional or different terms. Any of Buyer's terms and conditions that are in addition to or different from those contained herein, which are not separately agreed to by Seller in writing, are hereby objected to and shall be of no effect. The term "this Agreement" as used herein means this quotation or acknowledgment or purchase order, together with any attachment hereto, any documents expressly incorporated by reference, and these Terms and Conditions of Sale and/or Service.

2. DELIVERY OR PERFORMANCE

Delivery or performance dates are good faith estimates and do not mean that "time is of the essence." Buyer's failure to promptly make advance or interim payments, supply technical information, drawings and approvals will result in a commensurate delay in delivery or performance. Upon and after delivery, risk of loss or damage to the Products shall be Buyer's. Delivery of the Products hereunder will be made on the terms agreed to by the parties as set forth in this Agreement, according to INCOTERMS 2010.

3. WARRANTY

(a) Product Warranty. Seller warrants to Buyer that the Products manufactured by it will be delivered free from defects in material and workmanship. This warranty shall commence upon delivery of the Products and shall expire on the earlier to occur of 12 months from initial operation of the Products and 18 months from delivery thereof (the "Warranty Period"). If during the Warranty Period Buyer discovers a defect in material or workmanship of a Product and gives Seller written notice thereof within 10 days of such discovery, Seller will, at its option, either deliver to Buyer, on the same terms as the original delivery was made, according to INCOTERMS 2010, a replacement part or repair the defect in place. Any repair or replacement part furnished pursuant to this warranty are warranted against defects in material and workmanship for one period of 12 months from completion of such repair or replacement, with no further extension. Seller will have no warranty obligations for the Products under this paragraph 3(a): (i) if the Products have not been operated and maintained in accordance with generally approved industry practice and with Seller's specific written instructions; (ii) if the Products are used in connection with any mixture or substance or operating condition other than that for which they were designed; (iii) if Buyer fails to give Seller such written 10 day notice; (iv) if the Products are repaired by someone other than Seller or have been intentionally or accidentally damaged; (v) for corrosion, erosion, ordinary wear and tear or in respect of any parts which by their nature are exposed to severe wear and tear or are considered expendable; or (vi) for expenses incurred for work in connection with the removal of the defective articles and reinstallation following repair or replacement.

(b) Services Warranty. Seller warrants to Buyer that the Services performed will be free from defects in workmanship and will conform to any mutually agreed upon specifications. If any failure to meet this warranty appears within 12 months from the date of completion of the Services, on the condition that Seller be promptly notified in writing thereof, Seller as its sole obligation for breach of this warranty will correct the failure by re-performing any defective portion of the Services furnished. Seller does not warrant the accuracy of, or performance results of, any conclusions or recommendations provided, nor that any desired objective will result from the Service provided and Seller shall not be liable for any loss of use or any production losses whatsoever.

(c) Seller further warrants to Buyer that at delivery, the Products manufactured by it will be free of any liens or encumbrances. If there are any such liens or encumbrances, Seller will cause them to be discharged promptly after notification from Buyer of their existence.

(d) THE EXPRESS WARRANTIES SELLER MAKES IN THIS PARAGRAPH 3 ARE THE ONLY WARRANTIES IT WILL MAKE. THERE ARE NO OTHER WARRANTIES, WHETHER STATUTORY, ORAL, EXPRESS OR IMPLIED. IN PARTICULAR, THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

(e) The remedies provided in paragraphs 3(a), 3(b) and 3(c) are Buyer's exclusive remedy for breach of warranty.

(f) With respect to any Product or part thereof not manufactured by Seller, Seller shall pass on to Buyer only those warranties made to Seller by the manufacturer of such Product or part which are capable of being so passed on.

4. LIMITATION OF LIABILITY

Notwithstanding any other provision in this Agreement, the following limitations of liability shall apply:

(a) In no event, whether based on contract, tort (including negligence), strict liability or otherwise, shall Seller, its officers, directors, employees, subcontractors, suppliers or affiliated companies be liable to Buyer or any third party for loss of profits, revenue or business opportunity, loss by reason of shutdown of facilities or inability to operate any facility at full capacity, or cost of obtaining other means for performing the functions performed by the Products, loss of future contracts, claims of customers, cost of money or loss of use of capital, in each case whether or not foreseeable, or for any indirect, special, incidental or consequential damages of any nature.

(b) The aggregate liability of Seller, its officers, directors, employees, subcontractors, suppliers or affiliated companies, for all claims of any kind for any loss, damage, or expense resulting from, arising out of or connected with the Products, Services or this Agreement or from the performance or breach thereof, together with the cost of performing make good obligations to pass performance tests, if applicable, shall in no event exceed the contract price.

(c) The limitations and exclusions of liability set forth in this paragraph 4 shall take precedence over any other provision of this Agreement and shall apply whether the claim of liability is based on contract, warranty, tort (including negligence), strict liability, indemnity, or otherwise. The remedies provided in this Agreement are Buyer's exclusive remedies.

(d) All liability of Seller, its officers, directors, employees, subcontractors, suppliers or affiliated companies, resulting from, arising out of or connected with the Products, Services or this Agreement or from the performance or breach thereof shall terminate on the third anniversary of the date of this Agreement.

(e) In no event shall Seller be liable for any loss or damage whatsoever arising from its failure to discover or repair latent defects or defects inherent in the design of goods serviced (unless such discovery or repair is normally discoverable by tests expressly specified in the scope of work under this Agreement) or caused by the use of goods by the Buyer against the advice of Seller. If Seller furnishes Buyer with advice or assistance concerning any products or systems that is not required pursuant to the contract, the furnishing of such advice or assistance will not subject Seller to any liability whether in contract, indemnity, warranty, tort (including negligence), strict liability or otherwise.

5. CHANGES, DELETIONS AND EXTRA WORK.

Seller will not make changes in the Products unless Buyer and Seller have executed a written Change Order for such change. Buyer, without invalidating the contract, may make changes by altering, adding to or deducting from the general scope of the Services by written Change Order. Any such Change Order will include an

appropriate adjustment to the contract price and delivery terms. If the change impairs Seller's ability to satisfy any of its obligations to Buyer, the Change Order will include appropriate modifications to this Agreement. If, after the date of this quotation or acknowledgment, new or revised governmental requirements should require a change in the Products or Services, the change will be subject to this paragraph 5.

6. TAXES

Seller's prices do not include any sales, use, excise or other taxes. In addition to the price specified herein, the amount of any present or future sales, use, excise or other tax applicable to the sale or use of the Products or Services shall be billed to and paid by Buyer unless Buyer provides to Seller a tax-exemption certificate acceptable to the relevant taxing authorities.

7. SECURITY INTEREST

Seller shall retain a purchase money security interest and Buyer hereby grants Seller a lien upon and security interest in the Products until all payments hereunder have been made in full. Buyer acknowledges that Seller may file a financing statement or comparable document as required by applicable law and may take all other action it deems reasonably necessary to perfect and maintain such security interest in Seller and to protect Seller's interest in the Products.

8. SET OFF

Neither Buyer nor any of its affiliates shall have any right to set off claims against Seller or any of its affiliates for amounts owed under this Agreement or otherwise.

9. PATENTS

Unless the Products or any part thereof are designed to Buyer's specifications and provided the Product or any part thereof is not used in any manner other than as specified or approved by Seller in writing, (i) Seller shall defend against any suit or proceeding brought against Buyer to the extent based on a claim that any Product, or any part thereof, infringes any United States device patent; provided Seller is notified promptly in writing and given the necessary authority, information and assistance for the defense of such suit or proceeding; (ii) Seller shall satisfy any judgment for damages entered against Buyer in such suit; and (iii) if such judgment enjoins Buyer from using any product or a part thereof, then Seller shall, at its option: (a) obtain for Buyer the right to continue using such Product or part; (b) eliminate the infringement by replacing or modifying all or part of the Products; or (c) take back such Product or part and refund to Buyer all payments on the purchase price which Seller has received, in which case neither Buyer nor Seller will have any claim against the other under this Agreement or arising out of the subject matter of this Agreement. The foregoing states Seller's entire liability for patent infringement by any Product or part thereof.

10. SOFTWARE LICENSE, WARRANTY, FEES

The following Software Terms and Conditions apply to any software furnished by Seller, whether separately packaged or embedded in the Products furnished by Seller hereunder.

(a) Seller hereby grants to Buyer: a non-exclusive, non-transferable license to use any computer software delivered to Buyer under this Agreement in machine-readable, object code form and any modifications made by Seller thereto ("Software"), but only in connection with the configuration of the Products and operating system for which the Software is ordered and for the end-use purpose stated in the related Seller operating documentation. Buyer agrees that neither it nor any third party shall modify, reverse engineer, decompile or reproduce the Software, without Seller's prior written consent, except for making a single copy for backup or archival purposes in accordance with the related Seller operating documentation, and provided that Seller's confidential and proprietary legend is included. Except to the extent that the parties otherwise agree in writing, Buyer's license to use the copy of such Software shall terminate upon breach of this license or Agreement by Buyer, including, without limitation, breach of payment or confidentiality obligations. All copies of the Software are the property of Seller, and all copies for which the license is terminated shall be returned to Seller promptly after termination.

(b) Buyer may not transfer this software license and warranty to a third party without Seller's previous written consent, signed by a Seller authorized representative.

(c) Seller warrants that on the date of shipment of the Software only to Buyer or Buyer's Seller-authorized transferee hereunder that: (1) the Software media contain a true and correct copy of the Software and are free from material defects; (2) Seller has the right to grant the license hereunder; and (3) the Software will function substantially in accordance with the related Seller operating documentation. Seller disclaims any warranty that the operation of the Software will be uninterrupted or error free. This warranty does not apply to software delivered by Seller but produced by others. The warranty for software produced by others shall be the warranty as stated by the software producer.

(d) If within six months (6) months from date of initial installation (but not more than one year from date of shipment by Seller to Buyer) of Software, Buyer discovers that the Software is not as warranted above and promptly notifies Seller in writing, within this period of time, of the nonconformity, and if Seller cannot correct the nonconformity or deems correction to be commercially impracticable or prohibitively expensive, Buyer's and Buyer's Seller-authorized transferee's exclusive remedies, at Seller's option and expense, are: (1) replacement of the nonconforming Software; or (2) termination of this license and a refund of an equitable, pro rata share of the contract price or license fee paid.

(e) If any infringement and trade secret claims are made against Buyer based on the Buyer's use of the Software in a manner specified or approved by Seller, Seller shall: (i) defend against any suit or proceeding brought by an unaffiliated third party against Buyer to the extent the suit or proceeding is based on a claim that the Software or that the specified or approved use of the Software infringes a United States patent, a copyright or violates a trade secret agreement in which Seller was a party and provided that Seller is notified promptly in writing and given the necessary authority, information and assistance for the defense and settlement of such suit or proceeding (including the sole authority to select counsel and remove the Software or stop accused infringing usage); (ii) Seller shall satisfy any settlement or final judgment (after any appeals) for damages entered against Buyer in such suit; and (iii) if such settlement prohibits or judgment enjoins Buyer from using the Software, Seller shall at its option: (a) obtain for Buyer the right to continue using such Software; (b) eliminate the infringement by replacing or modifying the Software, or (c) take back such Software and refund to Buyer all payments on the purchase price which Seller has received, in which case neither Buyer nor Seller will have any claim against the other under this Agreement or arising out of the subject matter of this Agreement. However, Seller's obligations with respect to infringement and trade secret claims will not apply to the extent that the claim or adverse final judgment is based on: (1) Buyer's running of the Software after being notified to discontinue running due to such a claim; (2) the combination of the Software with a non-Seller software, product, data or process; (3) damages attributable to the value of the use of a non-Seller software, product, data, or process; (4) Buyer's alteration of the Software; (5) Buyer's distributed the Software to, or its use for the benefit of, any third party; or (6) Buyer's acquiring a trade secret (a) through improper means; (b) under circumstances giving rise to a duty to maintain its secrecy or limit its use; or (c) from a person (other than Seller) who owed to the party asserting the claim a duty to maintain the secrecy or limit the use of the trade secret. Buyer will reimburse Seller for any costs or damages that result from these actions 1 to 6. If Seller receives information about an infringement claim related to the Software, Seller may do any of the following, at its expense and without obligation to do so: (i) procure the right to continue use of the Software, (ii) replace the Software with a functional equivalent and (iii) modify the Software to make it non-infringing (including disabling the challenged functionality and under circumstances (ii) and (iii) Buyer will stop running the allegedly infringing software immediately).

(f) This warranty will apply for the period specified in (d) above, provided that: (1) the Software is not modified, changed, or altered by anyone other than Seller or its suppliers, unless authorized by Seller in writing; (2) there is no change by anyone other than Seller to the goods for which the Software is ordered; (3) the goods are in good operating order and are installed in a suitable operating environment; (4) the nonconformity is not caused by Buyer or any of their agents, servants, employees, or contractors, or any third party; (5) Buyer promptly notifies Seller in writing, within the period of time set forth in (d) above, of the nonconformity after it is discovered; and (6) all fees for the Software due to Seller have been paid. SELLER HEREBY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, WITH REGARD TO THE SOFTWARE, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, COURSE OF DEALING AND USAGE OF TRADE.

(g) Buyer and successors of Buyer are limited to the remedies specified in this paragraph 11 and shall have no others for a nonconformity in the Software. Buyer agrees that these remedies provide Buyer and its successors with a minimum adequate remedy and are their exclusive remedies, whether Buyer's or successors' remedies are based on contract, warranty, tort (including negligence), strict liability, indemnity, or any other legal theory, and whether arising out of warranties, representations, instructions, operating documentation, installations, or non-conformities from any cause.

(h) Unless otherwise provided in this Agreement, the fees for this Software license are included in the purchase price of the Products. Any subsequent modifications or enhancements to the Software made by Seller are, at Seller's option, subject to a fee.

11. SITE RISKS

(a) Concealed Conditions. The parties acknowledge and agree that increased costs or schedule extensions due to any concealed conditions at the job site shall be to Buyer's account. Buyer shall hold Seller harmless for increased costs and grant any necessary schedule extensions if any concealed or hazardous conditions are found.

(b) Environmental Remediation. Buyer acknowledges that Seller is not an expert in environmental remediation and shall not be directed by change order or otherwise to perform any environmental remediation as part of the Services, including but not limited to asbestos and lead paint removal. If any environmental remediation becomes necessary, Buyer will contract directly with a qualified third party to perform such work.

12. TERMINATION

Buyer may only terminate its order upon written notice to Seller and upon payment to Seller of Seller's termination charges, which shall be specified to Buyer and shall take into account among other things expenses (direct and indirect) incurred and commitments already made by Seller and an appropriate profit; provided, that in no event shall Seller's termination charges be less than 25% of the contract price. Seller shall have the right to suspend and/or terminate its obligations under this Agreement if payment is not received within 30 days of due date. In the event of the bankruptcy or insolvency of Buyer or in the event of any bankruptcy or insolvency proceeding brought by or against Buyer, Seller shall be entitled to terminate any order outstanding at any time during the period allowed for filing claims against the estate and shall receive reimbursement for its cancellation charges.

13. CONFIDENTIALITY

Buyer acknowledges that the information which Seller submits to Buyer in connection with this quotation, acknowledgment or performance of this Agreement includes Seller's confidential and proprietary information, both of a technical and commercial nature. Buyer agrees not to disclose such information to third parties without Seller's prior written consent. Seller grants to Buyer a non-exclusive, royalty-free, perpetual license to use Seller's confidential and proprietary information for purposes of this Agreement and the Products that are the subject hereof only. Buyer further agrees not to permit any third party to fabricate the Products or any parts thereof from Seller's drawings or to use the drawings other than in connection with this Agreement. Buyer will defend and indemnify Seller from any claim, suit or liability based on personal injury (including death) or property damage related to any Product or part thereof which is fabricated by a third party without Seller's prior written consent and from and against related costs, charges and expenses (including attorneys fees). All copies of Seller's drawings shall remain Seller's property and may be reclaimed by Seller at any time.

14. END USER

If Buyer is not the end user of the Products sold hereunder (the "End User"), then Buyer will use its best efforts to obtain the End User's written consent to be bound to Seller by the provisions hereof. If Buyer does not obtain such End User's consent, Buyer shall defend and indemnify Seller and Seller's agents, employees, subcontractors and suppliers from any action, liability, cost, loss, or expense for which Seller would not have been liable or from which Seller would have been indemnified if Buyer had obtained such End User's consent.

15. FORCE MAJEURE

(a) Force Majeure Defined. For the purpose of this Agreement "Force Majeure" will mean all unforeseeable events, beyond the reasonable control of either party which affect the performance of this Agreement, including, without limitation, acts of God, acts or advisories of governmental or quasi-governmental authorities, laws or regulations, strikes, lockouts or other industrial disturbances, acts of public enemy, wars, insurrections, riots, epidemics, pandemics, outbreaks of infectious disease or other threats to public health, lightning, earthquakes, fires, storms, severe weather, floods, sabotage, delays in transportation, rejection of main forgings and castings, lack of available shipping by land, sea or air, lack of dock lighterage or loading or unloading facilities, inability to obtain labor or materials from usual sources, serious accidents involving the work of suppliers or sub-suppliers, thefts and explosions.

(b) Suspension of Obligations. If either Buyer or Seller is unable to carry out its obligations under this Agreement due to Force Majeure, other than the obligation to make payments due hereunder, and the party affected promptly notifies the other of such delay, then all obligations that are affected by Force Majeure will be suspended or reduced for the period of Force Majeure and for such additional time as is required to resume the performance of its obligations, and the delivery schedule will be adjusted to account for the delay.

(c) Option to Terminate. If the period of suspension or reduction of operations will extend for more than four (4) consecutive months or periods of suspension or reduction total more than six (6) months in any twelve (12) month period, then either Buyer or Seller may terminate this Agreement.

16. INDEMNIFICATION AND INSURANCE

(a) Indemnification. Seller agrees to defend and indemnify Buyer from and against any third-party claim for bodily injury or physical property damage ("Loss") arising in connection with the goods provided by Seller hereunder or the Services provided by Seller hereunder, but only to the extent such Loss has been caused by the negligence, willful misconduct or other legal fault ("Fault") of Seller. Buyer shall promptly tender the defense of any such third-party claim to Seller. Seller shall be entitled to control the defense and resolution of such claim, provided that Buyer shall be entitled to be represented in the matter by counsel of its choosing at Buyer's sole expense. Where such Loss results from the Fault of both Seller and Buyer or a third party, then Seller's defense and indemnity obligation shall be limited to the proportion of the Loss that Seller's Fault bears to the total Fault.

(b) Insurance. Seller shall maintain commercial general liability insurance with limits of not less than \$2,000,000 per occurrence and in the aggregate covering claims for bodily injury (including death) and physical property damage arising out of the Products or Services. Seller shall also provide workers' compensation insurance or the like as required by the laws of the jurisdiction where the Services will be performed, and owned and non-owned auto liability insurance with limits of not less than \$1,000,000 combined single limit. Seller will provide a Certificate of Insurance certifying the existence of such coverages upon request.

17. SPECIAL CONDITIONS

For installation, repair, or maintenance Services on existing pressure vessels, piping and equipment, the following shall apply:

- (a) Unless otherwise agreed and stated in the purchase order, Buyer shall be responsible for: (i) physically disconnecting and isolating vessels and equipment being repaired from existing piping and electrical power before Seller or any of its subcontractors start the Services, and take adequate precautions that re-connection and resumption of use does not take place until the Services are completed, and (ii) emptying the vessels and piping and freeing them from any toxic or harmful substances before the Services begin so that the vessels and piping are safe for Services to begin. Buyer shall maintain the area entirely free of combustible, toxic and asphyxiant substances and provide fire protection service until the Services are completed;
- (b) If the Services are on an existing vessel or existing piping, the Buyer is responsible for determining the prior condition of the portion of the vessel or piping not involved in the Services, and its ability to withstand the Services and any tests that may be necessary;
- (c) Buyer shall also be responsible for evaluating the effects of prior use of the vessel or piping upon structural adequacy, and the suitability of the vessel or piping for the service intended when the Services are completed;
- (d) Seller has no obligation to provide any inspections or tests, and Buyer takes full responsibility for all necessary inspections and tests, including but not limited to, selection of testing personnel, type, location, frequency, and severity of any inspections and tests and all test results at any stage of the Services;
- (e) Upon request of Seller, Buyer shall provide Seller with the history of the vessel, a statement of the tests to be performed and a statement of the proposed use of the vessel after completion of the Services, and
- (f) If repairs are required: (i) Buyer will provide an Authorized Inspector ("AI") who will determine the scope of the Services to be done; (ii) Seller will provide Buyer with a proposed Quality Control ("QC") package specifying the methods and procedures that Seller will follow in performing the Services specified by the Buyer; (iii) the proposed QC package is subject to approval by the Buyer, and such approval must be provided before Services commence; (iv) after approval of the QC package, the Services shall be done in accordance with the QC package. At the option of the AI, hold points may be established for inspection during the course of the Services; and (v) upon completion of the Services, the AI shall inspect the Services and provide a signed acceptance that they have been completed in accordance with the QC package. Such acceptance by the AI shall establish completion of the Services.

18. GENERAL

- (a) Seller represents that any Products or parts thereof manufactured by Seller will be produced in compliance with all applicable federal, state and local laws applicable to their manufacture and in accordance with Seller's engineering standards. Seller shall not be liable for failure of the Products to comply with any other specifications, standards, laws or regulations.
- (b) This Agreement shall inure only to the benefit of Buyer and Seller and their respective successors and assigns. Any assignment of this Agreement or any of the rights or obligations hereunder, by either party without the written consent of the other party shall be void.
- (c) This Agreement contains the entire and only agreement between the parties with respect to the subject matter hereof and supersedes all prior oral and written understandings between Buyer and Seller concerning the Products, Services and any prior course of dealings or usage of the trade not expressly incorporated herein.
- (d) This Agreement may be modified, supplemented or amended only by a writing signed by an authorized representative of Seller. Seller's waiver of any breach by Buyer of any terms of this Agreement must also be in writing and any waiver by Seller or failure by Seller to enforce any of the terms and conditions of this Agreement at any time, shall not affect, limit or waive Seller's right thereafter to enforce and compel strict compliance with every term and condition thereof.
- (e) (i) If the Products or Services are delivered or performed in the United States, this Agreement and the performance thereof will be governed by and construed according to the laws of the State of Georgia.
(ii) In the circumstances of (i) above, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, or to the Products or the Services provided pursuant hereto, shall be definitively settled by arbitration, to the exclusion of courts of law, administered by the American Arbitration Association ("AAA") in accordance with its Construction Industry Arbitration Rules in force at the time this Agreement is signed and to which the parties declare they will adhere (the "AAA Rules"), and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction over the party against whom enforcement is sought or having jurisdiction over any of such party's assets. The arbitration shall be conducted in Atlanta, Georgia by a panel of three members, one of whom will be appointed by each of Buyer and Seller and the third of whom will be the chairman of the panel and will be appointed by mutual agreement of the two party-appointed arbitrators. All arbitrators must be persons who are not employees, agents, or former employees or agents of either party. In the event of failure of the two party-appointed arbitrators to agree within forty-five (45) days after submission of the dispute to arbitration upon the appointment of the third arbitrator, the third arbitrator will be appointed by the AAA in accordance with the AAA Rules. In the event that either of Buyer or Seller fails to appoint an arbitrator within thirty (30) days after submission of the dispute to arbitration, such arbitrator, as well as the third arbitrator, will be appointed by the AAA in accordance with the AAA Rules.
- (f) (i) If the Products or Services are delivered or performed in Canada, this Agreement and the performance thereof will be governed by and construed according to the laws of the Province of New Brunswick.
(ii) In the circumstances of (i) above, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, or to the Products or the Services provided pursuant hereto, shall be definitively settled under the auspices of the Canadian Commercial Arbitration Centre ("CCAC"), by means of arbitration and to the exclusion of courts of law, in accordance with its General Commercial Arbitration Rules in force at the time the Agreement is signed and to which the parties declare they will adhere (the "CCAC Rules"), and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction over the party against whom enforcement is sought or having jurisdiction over any of such party's assets. The arbitration shall be conducted in Saint John, New Brunswick by a panel of three arbitrators, one of whom will be appointed by each of Buyer and Seller and the third of whom will be the chairman of the arbitral tribunal and will be appointed by mutual agreement of the two party-appointed arbitrators. All arbitrators must be persons who are not employees,

agents, or former employees or agents of either party. In the event of failure of the two party-appointed arbitrators to agree within forty-five (45) days after submission of the dispute to arbitration upon the appointment of the third arbitrator, the third arbitrator will be appointed by the CCAC in accordance with the CCAC Rules. In the event that either of Buyer or Seller fails to appoint an arbitrator within thirty (30) days after submission of the dispute to arbitration, such arbitrator, as well as the third arbitrator, will be appointed by the CCAC in accordance with the CCAC Rules.

(g) In the event this Agreement pertains to the sale of any goods outside the United States or Canada, the parties agree that the United Nations Convention for the International Sale of Goods shall not apply to this Agreement.

(h) The parties hereto have required that this Agreement be drawn up in English. Les parties aux présentes ont exigé que la présente convention soit rédigée en anglais.