

ARAUCO
TERMS AND CONDITIONS OF PURCHASE ORDER

Important Notice: ALL PURCHASE ORDERS ARE STRICTLY LIMITED TO THE TERMS AND CONDITIONS CONTAINED HEREIN AND ANY COUNTER-OFFERS OR CHANGES OF TERMS PROPOSED BY THE SUPPLIER ARE HEREBY REJECTED, UNLESS SPECIFICALLY AGREED TO IN WRITING BY ARAUCO.

“Arauco” is a trade name used by the following two affiliated entities: Arauco North America, Inc., a Delaware corporation, and Arauco Canada Limited, a New Brunswick corporation. Although each entity uses this trade name, each of them is an independent company and is not liable or responsible for acts or obligations of its affiliates.

It shall be understood by the parties that the trade name “Arauco” (“ARAUCO”) is used to refer only to the entity that is stated on the Purchase Order and all obligations and liabilities held by Arauco shall be subject to that entity only.

1. Definitions. The following definitions shall apply to the Terms and Conditions.

- (a) “Affiliates” means and includes any person or entity that directly or indirectly controls, is controlled by, or is under common control with another person or entity, with “control” meaning an ownership interest of more than 50 percent of the stock or other ownership interests or the ability to direct the voting of more than 50 percent of the voting rights of an entity.
- (b) “Agreement” means the agreement between Supplier and ARAUCO for the purchase and sale of Goods and/or Services as defined in Section 2(d) hereof.
- (c) “Defective” refers to a Good or Service that is not in conformity with the Specifications set forth in the applicable Purchase Order.
- (d) “Delivery Date” means the date of delivery for Goods or performance of Services as specified in a Purchase Order.
- (e) “Delivery Point” means the location identified by Buyer in the Purchase Order to which the Supplier is to deliver Goods and/or perform the Services, or such other delivery area or point which is specified in writing by Buyer.
- (f) “Goods” means the goods that are required to be delivered by Supplier pursuant to a Purchase Order, and include all materials, component parts, packaging and labelling of such goods.
- (g) “Intellectual Property Rights” means all intellectual and industrial property rights and rights of a similar nature including all rights in and to, patents including all issued patents and pending applications therefore and patents which may be issued therefrom (including divisions, reissues, re-examinations, continuations and continuations-in-part); trade-marks; copyrights; industrial design rights; rights pertaining to trade secrets and confidential information; publicity rights; personality rights; moral rights; and other intellectual property rights whether registered or not and all applications, registrations, renewals and extensions pertaining to the foregoing.
- (h) “Purchase Order” means the purchase order between ARAUCO and Supplier for the purchase and sale of Goods and/or Services, to which these Standard Purchase Terms are attached or are incorporated by reference.
- (i) “Services” means any services to be provided by Supplier to ARAUCO pursuant to a Purchase Order.
- (j) “Specifications” means the requirements, attributes and specifications for the Goods or



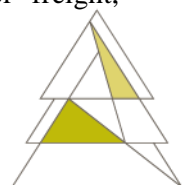
- Services that are set forth in the applicable Purchase Order. Specifications can also include:
- (a) documentation relating to the Goods or Services;
 - (b) operational and technical features and functionality of the Goods or Services;
 - (c) standards or levels of service performance for Services;
 - (d) ARAUCO business requirements that are expressly set out in a Purchase Order.
- (k) “Supplier” means the party indicated on the face page of the Purchase Order that is contracting with ARAUCO for the purchase and sale of Goods and/or Services.
 - (l) “Supplier Proposal” means any acknowledgement, estimate, quote, offer to sell, invoice, or proposal of Supplier relating to the supply of Goods and/or Services to Buyer, including any delivered in connection with a request for quotations, request for proposal or similar process initiated by Buyer.
 - (m) “Warranty Period” refers to the express written period of time provided by Supplier for the Goods or Services that is one (1) year from the date of installation or eighteen (18) months from the date of shipment, whichever occurs first.

2. Agreement

- (a) Each Purchase Order placed by ARAUCO for Goods and/or Services is subject to the Terms and Conditions herein and any other agreed to Terms and Conditions as stated within the Purchase Order.
- (b) By accepting the Purchase Order or any part of it, Supplier shall be deemed to have agreed to be bound by such Terms and Conditions and any other Terms and Conditions as stated within the Purchase Order.
- (c) ARAUCO may insist upon strict compliance with Terms and Conditions herein despite any previous custom, practice or course of dealing to the contrary.
- (d) The Agreement between ARAUCO and Supplier consists only of: (i) the Terms and Conditions herein; (ii) the applicable Purchase Order; and (iii) any Specifications or other documents expressly referenced in the Purchase Order.
- (e) Any reference in the Purchase Order to any Supplier Proposal is solely for the purpose of incorporating the descriptions and specifications of the Goods and/or Services contained in the Proposal, and only to the extent that the terms of the Supplier Proposal do not conflict with the descriptions and Specifications set out in the Purchase Order.
- (f) ARAUCO’s acceptance of, or payment for, Goods and/or Services will not constitute ARAUCO’s acceptance of any additional or different terms in any Supplier Proposal, unless otherwise accepted in writing by ARAUCO. If there is any conflict or inconsistency between the documents constituting the Agreement, then unless otherwise expressly provided, the documents will rank in the order of precedence in accordance with the order in which they are listed in this Section 2(d).
- (g) ARAUCO may at times need to make changes to the Specifications. Any changes to any Specifications made by ARAUCO will be made with a timely notice to Supplier of such changes.

3. Delivery of Goods and/or Services

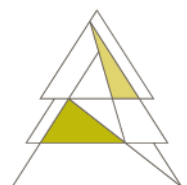
- (a) Goods shall be shipped FOB Destination unless otherwise agreed to in writing. Supplier shall, at its own expense, pack, load, and deliver Goods to the Delivery Point and in accordance with the invoicing, delivery terms, shipping, packing, and other instructions printed on the face of the Purchase Order or otherwise provided to Supplier by ARAUCO in writing.
- (b) All Goods shall be in proper condition for transportation in accordance with any applicable provincial or federal laws or regulations. No charges will be allowed for freight,



- transportation, insurance, shipping, storage, handling, demurrage, cartage, packaging or similar charges unless provided for in the applicable Purchase Order or otherwise agreed to in writing by ARAUCO. In the event there is improper shipment or delay in shipment, ARAUCO can terminate for default as outlined in herein Section 3.
- (c) Time is of the essence with respect to delivery of the Goods and performance of Services. Goods shall be delivered and Services performed by the applicable Delivery Date. Supplier must immediately notify ARAUCO if Supplier is likely to be unable to meet a Delivery Date in the quantities, manner and/or times specified in the delivery schedule. At any time prior to the Delivery Date, ARAUCO may, upon reasonable notice to Supplier, cancel or change a Purchase Order, or any portion thereof, without prejudice to its other rights.
 - (d) In the event ARAUCO terminates the Purchase Order for convenience, ARAUCO will pay Supplier's reasonable costs properly allocable to the termination including demobilization and for all previously due amounts for the conforming portions of the Order performed up to the termination date.
 - (e) The Purchase Order is for the exact quantity and prices stated, and no overrun, over-shipment or additional costs will be chargeable to ARAUCO unless approved by ARAUCO in writing prior to shipment. There shall be no back-order without prior approval of ARAUCO.
 - (f) Title and risk of loss or damage shall pass to ARAUCO upon receipt of Goods at the Delivery Point, unless otherwise agreed to by ARAUCO in writing. ARAUCO has no obligation to obtain insurance while Goods are in transit from Supplier to the Delivery Point.
 - (g) Goods or Services shall not be deemed or construed to be delivered/provided until actually received by ARAUCO at the Delivery Point.
 - (h) In the event that the Supplier should breach any material provision of this Agreement, ARAUCO shall provide Supplier with written notice of such breach and a ten (10) day period (after notice thereof from ARAUCO) in which to commence to cure such breach. In the event Supplier does not commence to cure within such ten (10) day period or commences to cure within such ten (10) day period, but fails to cure within thirty (30) days of ARAUCO's written notice of such breach, ARAUCO may terminate this Agreement, in whole or in part, and purchase similar replacement goods or services. Notwithstanding the foregoing, ARAUCO may also terminate this Agreement immediately (without and notice and cure obligation) in its sole discretion in the event of Supplier's material breach of Section 7, 8, 9(c), 11, or 12. Supplier shall reimburse ARAUCO for the direct and reasonable costs of reprocurring such similar replacement goods or services over the original Purchase Order price.

4. Right of Inspection

- (a) All Goods received and performance of Services rendered shall be subject to ARAUCO's right of inspection and rejection in accordance with the Warranty language herein (and to the inspection and rejection of any Federal, Provincial or Municipal Government or agency, the permission of which is required to use the Goods), and the Supplier shall:
 - (i) permit any accredited representative of ARAUCO or applicable Government or agency to attend at the plant, warehouse or other place of shipment;
 - (ii) supply such samples of goods as ARAUCO or any representative of a Government or agency may reasonably request; and
 - (iii) provide all reasonable assistance to any representative of ARAUCO or any Government or agency, for the purpose of testing or otherwise inspecting the Goods.
- (b) The Supplier shall bear the cost of delivery of defective, non-conforming, unordered or otherwise rejected Goods and/or Services.



- (c) Payment for Goods or Services prior to inspection shall not constitute acceptance of those Goods or Services.
- (d) In the event the Goods furnished by the Supplier under the Purchase Order are found to be defective as to workmanship or materials in accordance with Article 9, “Warranties By Supplier”, or not to be in conformance with the Order documents, ARAUCO will take reasonable measures to discover such noncompliance as quickly as practical and provide written notice to Supplier. Supplier shall be allowed to correct the defect or nonconformity in accordance with the provisions of Article 9, “Warranties By Supplier”, but only to the extent such corrections are made during the Warranty Period.

The accepted procedure for dealing with the resolution of field problems under Article 9, “Warranties By Supplier”, Warranties is as follows:

- 1) ARAUCO will provide written notice to Supplier of specific problem(s) and deficiencies before any corrective action is taken.
- 2) Supplier will initiate reasonable action to remedy the nonconformity.
- 3) In a timely manner, which is mutually agreeable to ARAUCO and Supplier, but not to exceed thirty (30) days from delivery of Goods or completion of Services, Supplier will either undertake the corrective work or Supplier will authorize ARAUCO in writing to proceed with the rework at an agreed upon cost.

5. Price/Payment Terms/Invoices

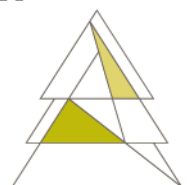
- (a) Prices for the Goods and/or Services will be set out in the applicable Purchase Order.
- (b) Price increases or charges not expressly set out in the Purchase Order shall not be effective unless agreed to in advance in writing by ARAUCO.
- (c) Supplier will issue all invoices in a timely manner to the billing address stated on the Purchase Order and shall identify the Goods shipped or Services rendered, the Purchase Order number, the Delivery Date, the Delivery Point, and in the case of Goods, the place from where the Goods were shipped, the name of the carrier and the bill of lading number. Any other specific details that are necessary to identify the Goods or Services should be included accordingly on the invoice.
- (d) All payments will be made within net forty-five (45) days from date of invoice unless otherwise agreed to in writing by ARAUCO and Supplier.

6. Taxes

- (a) Unless otherwise stated in a Purchase Order, all prices or other payments stated in the Purchase Order are exclusive of any taxes.
- (b) Supplier shall separately itemize all applicable taxes each on each invoice and indicate on each invoice its applicable tax registration number(s).
- (c) ARAUCO will pay all applicable taxes to Supplier when payment with respect to the applicable invoice is due.
- (d) Supplier will remit all applicable taxes to the applicable government authority as required by applicable laws.
- (e) Notwithstanding any other provision of this Agreement, ARAUCO may withhold from all amounts payable to Supplier all applicable withholding taxes and to remit those taxes to the applicable governmental authorities as required by applicable laws.

7. Hazardous Materials

Supplier agrees to provide, upon and as requested by ARAUCO, to satisfy any applicable



laws governing the use of any hazardous substances either of the following: (i) all reasonably necessary documentation to verify the material composition, on a substance by substance basis, including quantity used of each substance, of any Goods, and/or of any process used to make, assemble, use, maintain or repair any Goods; or (ii) all reasonably necessary documentation to verify that any Goods and/or any process used to make, assemble, use, maintain or repair any Goods, do not contain, and the Services do not require the use of, any particular hazardous substances specified by ARAUCO.

8. Legal Compliance; Workplace Safety

In carrying out its obligations under the Agreement and Purchase Order, including the performance of Services, Supplier shall at all times comply with all applicable federal, provincial, and municipal laws, regulations, standards, and codes. Supplier shall maintain its workers' compensation accounts in good standing, and provide ARAUCO with evidence of good standing upon request. Supplier shall obtain all applicable permits, licenses, exemptions, consents and approvals required for the Supplier to manufacture and deliver the Goods and perform the Services.

9. Warranties By Supplier

- (a) Product Warranties. Supplier warrants to ARAUCO that during the Goods Warranty Period all Goods provided hereunder shall be: (i) fit for the purposes intended, unless otherwise agreed to by ARAUCO (ii) free from defects in material and workmanship; (iii) in strict compliance with the Specifications; (iv) free from any liens or encumbrances on title whatsoever; (v) in conformance with any samples provided to ARAUCO; and (vi) compliant with all applicable federal, provincial, and municipal laws, regulations, standards, and codes. This warranty shall remain in effect for the Warranty Period.
- (b) Service Warranties. Supplier shall perform all Services: (i) exercising that degree of professionalism, skill, diligence, care, prudence, judgment, and integrity which would reasonably be expected from a skilled and experienced service provided providing services under the same or similar circumstances as the Services under this Agreement; (ii) in accordance with all Specifications and all ARAUCO policies, guidelines, by-laws and codes of conduct applicable to Supplier; and (iii) using only personnel with the skills, training, expertise, and qualifications necessary to carry out the Services. ARAUCO may object to any of the Supplier's personnel engaged in the performance of Services who, in the reasonable opinion of ARAUCO, are lacking in appropriate skills or qualifications, engage in misconduct, constitute a safety risk or hazard or are incompetent or negligent, and the Supplier shall promptly remove such personnel from the performance of any Services upon receipt of such notice, and shall not re-employ the removed person in connection with the Services without the prior written consent of ARAUCO. The Services, which do not so conform, shall be corrected by Supplier as soon as possible within reasonable timing of noticing the nonconformity of the Services. The Service Warranty shall be good for a period of one (1) year from the date of completion of the Services.
- (c) Intellectual Property Warranties. Supplier warrants that any and all Goods purchased, and the manufacture, sale or use thereof, do not and will not violate or infringe upon any U.S. patent, copyright, trademark, trade secret or other property right of any third party; that Supplier will, at its own cost and expense, defend any suit that may arise in respect thereto or in respect to the combination of any Good with any equipment, data or programming, to the extent that the claim alleges that the Good standing alone infringes such rights, and provided Supplier is notified thereof; and that Supplier will indemnify and hold harmless ARAUCO, its successors and assigns, and the customers of any of them, from all loss,



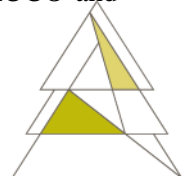
- damages, costs and expenses (including reasonable attorneys' fees and costs of establishing rights to indemnification) which may be incurred on account of the assertion of any such property rights by any person.
- (d) Nothing in this Section 9 shall limit any warranties available at law.

10. Force Majeure

- (a) Neither ARAUCO nor the Supplier shall be responsible for delays in respect of the Purchase Order that result from any occurrence or event which could not have been reasonably avoided including but not limited to fire, explosion, war (whether or not declared), wrecks or delays in transportation, act of terrorism, riot, strike, walk out, lockout or other labor controversy or shortage, flood, insurrection, natural catastrophe or other act of God demand or requirement of law or of the Government of either Party or any other competent governmental authority whose decision adversely affects the performance of either Party ("Force Majeure").
- (b) The party claiming relief under Force Majeure should make reasonable efforts to remove or overcome the effects of such occurrence or event as soon as it is reasonably practicable.
- (c) If either ARAUCO or the Supplier is unable or fails to perform any or all of its duties and obligations by reason of Force Majeure, then the party claiming relief (the "claiming party") will not be liable to the other party during the period of Force Majeure and to the extent of its inability or failure.
- (d) The claiming party whose performance is affected by an occurrence of Force Majeure shall immediately notify the other non-claiming party in writing of the onset of such occurrence or event and shall subsequently advise said non-claiming party of the cessation of such occurrence or event and resume performance hereunder as soon as reasonably possible.
- (e) In the event that the Force Majeure event continues for a period of ninety (90) days from the date the claiming party provided notice, the non-claiming party shall have the right to terminate this Agreement for convenience by furnishing written notice to the party claiming Force Majeure relief.

11. Confidentiality

Supplier agrees that during the term of this Agreement and thereafter, except as expressly authorized in writing by ARAUCO, Supplier (a) will not use or permit the use of Confidential Information (defined below) in any manner or for any purpose not expressly set forth in this Agreement; (b) will not disclose, lecture upon, publish, or permit others to disclose, lecture upon, or publish any such Confidential Information to any third party without first obtaining ARAUCO's express written consent on a case-by-case basis; (c) will limit access to Confidential Information to Supplier personnel who need to know such information in connection with their work for ARAUCO; and (d) will not remove any tangible embodiment of any Confidential Information from ARAUCO's premises without ARAUCO's prior written consent. "Confidential Information" includes, but is not limited to, all information related to ARAUCO's business and its actual or anticipated research and development, including without limitation (i) trade secrets, inventions, ideas, processes, computer source and object code, formulae, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs, and techniques; (ii) information regarding products or plans for research and development, marketing and business plans, budgets, financial statements, contracts, prices, suppliers, and customers; (iii) information regarding the skills and compensation of ARAUCO's employees, contractors, and any other companies; (iv) the existence of any business discussions, negotiations, or agreements between ARAUCO and



any third party; and (v) all such information related to any third party that is disclosed to ARAUCO or to Supplier during the course of ARAUCO's business. Notwithstanding the foregoing, it is understood that Supplier is free to use information that is generally known in the trade or industry, information that is not gained as a result of a breach of this Agreement, and Supplier's own skill, knowledge, know-how, and experience. If Supplier is required to disclose any Confidential Information by order of a court or any government agency, by law, regulation, judicial or administrative process, or in accordance with applicable professional standards or rules, Supplier will: (i) give prior written notice of such disclosure to ARAUCO (if legally permitted to do so) together with a copy of the material proposed to be disclosed; (ii) reasonably cooperate with ARAUCO at ARAUCO's request and expense to resist or limit such disclosure or to obtain a protective order; and (iii) in the absence of a protective order or other remedy, disclose only that portion of the Confidential Information that is legally required to be disclosed and assure that, if applicable, confidential treatment will be accorded the disclosed Confidential Information.

12. Insurance

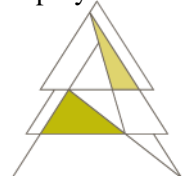
Supplier represents and warrants to ARAUCO that it has in place with reputable insurers such insurance policies in coverage amounts that would be maintained by a prudent supplier of goods and services similar to the Goods and Services provided hereunder, including, as applicable, professional errors and omissions liability insurance and comprehensive commercial general liability insurance (including product liability coverage, all-risk Suppliers' equipment insurance, and automobile liability insurance). In addition, Supplier will take out and maintain, at its own cost, such insurance policies and coverages. Supplier will promptly deliver to ARAUCO, as and when requested, written proof of such insurance. If requested, ARAUCO will be named as an additional insured under any such policies. If requested by ARAUCO, such insurance will provide that it cannot be cancelled, or materially changed so as to affect the coverage provided under this Agreement, without the insurer providing at least 30 days prior written notice to ARAUCO.

13. Indemnities

SUPPLIER specifically agrees to protect, defend, indemnify and hold harmless ARAUCO, its agents, officers and employees ("Indemnitees"), from and against any and all losses, costs, expenses, lawyer's fees, damages, liabilities, suits, actions, recoveries and judgments of every nature or description suffered or incurred by Indemnitees ("Claims"), whether arising directly or indirectly out of this Agreement or breach of this Agreement by SUPPLIER or the performance or non-performance of the Work, including liabilities imposed by separate indemnity agreement and further including any negligence or fault, whether active or passive, on the part of Indemnitees which constituted a concurring cause of the Claims except when caused by the sole negligence of Indemnitees. In executing this Agreement, SUPPLIER expressly agrees to the above indemnity provisions and states that SUPPLIER intends to specifically bind itself to indemnify ARAUCO in every instance described above. To the extent that any of the obligations imposed by this Paragraph 6 shall not be enforceable under applicable law it is the intent of the parties that the provisions of this Paragraph 6 shall be construed to impose only such obligations on SUPPLIER and ARAUCO as shall be enforceable under applicable law.

14. Independent Contractors

SUPPLIER's relationship with Arauco will be that of an independent contractor, and nothing in this Agreement should be construed to create a partnership, joint venture, or employer-employee



relationship. SUPPLIER (a) is not the agent of Arauco; (b) is not authorized to make any representation, contract, or commitment on behalf of Arauco; (c) will not be entitled to any of the benefits that Arauco makes available to its employees, such as group insurance, profit-sharing or retirement benefits (and waives the right to receive any such benefits); and (d) will be solely responsible for all tax returns and payments required to be filed with or made to any federal, state, provincial, or local tax authority with respect to SUPPLIER's performance of Services, SUPPLIER's employees and receipt of fees under this Agreement. If applicable, Arauco will report amounts paid to SUPPLIER with applicable tax authorities, as required by law. SUPPLIER agrees to cooperate with Arauco and complete all required forms to enable Arauco to comply with applicable tax laws. SUPPLIER agrees to accept exclusive liability for complying with all applicable state, pension plan, federal and provincial laws, including laws related to payment of taxes, SUPPLIER employees, social security, disability, and other contributions based on fees paid to SUPPLIER under this Agreement. Arauco will not withhold or make payments for social security, pension plan, unemployment insurance or disability insurance contributions, or obtain workers' compensation insurance on SUPPLIER's behalf. SUPPLIER hereby agrees to indemnify and defend Arauco against any and all such taxes or contributions, including penalties and interest. SUPPLIER agrees to provide proof of payment of appropriate taxes on any fees paid to SUPPLIER under this Agreement upon reasonable request of Arauco.

15. Severability

If any provision of this Agreement is determined to be unenforceable or invalid for any reason whatsoever, in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part thereof and all other provisions shall continue in full force and effect.

16. Waiver

No waiver of any provision of this Agreement shall be enforceable against that party unless it is in writing and signed by that party.

17. Amendment

No modifications of, or additions to, the provisions or conditions of a Purchase Order will become part of it unless accepted in writing by ARAUCO.

18. Assignment

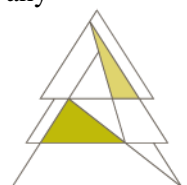
A Purchase Order may not be assigned, sub-contracted or otherwise transferred in whole or in part to any other supplier, except with the prior written consent of ARAUCO.

19. Jurisdiction

The Terms and Conditions shall be construed and governed by the laws of the Georgia, USA applicable therein. Supplier hereby expressly consents to the personal jurisdiction and venue in the state and federal courts situated in Fulton County, Georgia for any lawsuit filed there against Supplier by ARAUCO arising from or related to the Agreement.

20. Entire Agreement.

The Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matters hereof and supersedes and merges all prior discussions between the parties with respect to such subject matters. No modification of or amendment to the Agreement, or any



waiver of any rights under the Agreement, will be effective unless in writing and signed by Supplier and ARAUCO. The terms of the Agreement will govern all work, Services and Goods undertaken by Supplier for ARAUCO. In the event of any conflict between the Terms and Conditions and the express written terms of an agreement applicable to any Purchase Order or Specifications, Section 2(f) hereof shall control.

