

This English translation of the authentic German text serves mainly information purposes.
In the case of dispute the German text shall prevail.

GENERAL BUSINESS CONDITIONS

for Guarantees for Direct (G 1) and Indirect (G 2)
Deliveries and Services
(April 1999)

Guarantor, Agent, Terms of Contract

§ 1

According to the Export Guarantees Act and the decree based thereon (as applicable at the time) the Federal Minister of Finance is authorized to assume liabilities on behalf of the Republic in Euro, Austrian Schillings or in another currency. An assumption of liability does not constitute a prejudice for approvals which may legally be required.

Oesterreichische Kontrollbank Aktiengesellschaft is authorized to make and receive all declarations on behalf of the Republic in connection with the assumption of liability. Declarations made to Kontrollbank are deemed to have arrived at the Republic on the day they arrive at Kontrollbank. The same applies to all payments to be effected according to the following regulations.

Applications are to be filed in writing or by electronic means. Written form means in the original, by telex or telefax. In the case of dispute the burden of proof is on the respective sender; he shall also be held liable for any abuse of a means of communication.

Provided the policy does not contain any supplementary or differing regulations, the provisions set forth in the following shall be deemed to constitute the terms of contract.

Object and Scope of the Guarantee

§ 2

- (1) The guarantee covers the performance of the obligations of the foreign contracting partner under an export contract up to the maximum amount specified in the policy plus contractual interest until maturity.
- (2) The guarantee does not cover:
 1. claims arising from the delivery of goods which are subject to the regulations of the Federal Statute on the import, export and transit of war materials or to those of the Statute on security control;
 2. interest on interest and default interest;

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3. any amounts which should be borne by you or by your agents in the case of due performance by the foreign contracting partner or which would not be to your or to your agents' benefit;
4. claims for compensation of damages;
5. differences in exchange rates;
6. costs which usually arise in the course of the export contract in your business or in the business of your agents, of your partners in a consortium or of the second exporter.

Duration and Termination of the Guarantee

§ 3

- (1) The duration of the guarantee is specified in the policy.
- (2) You are entitled to terminate the guarantee at any time in whole or in part by registered letter, thus waiving your claims.
- (3) The Republic is entitled to terminate the guarantee with immediate effect and under forfeiture of all your claims by registered letter, if you have not paid the premium within one month at the latest upon a written reminder, unless you can prove that you have been prevented from payment by force majeure.

Uninsured Percentage and Percentage of Cover

§ 4

Percentage of cover If you are to participate in any loss, the uninsured percentage shall be specified in the policy. This uninsured portion determines the percentage of cover.

Obligations of the Policyholder

§ 5

You are obligated to

- Obligation to report**
1. take all steps at all times to protect the Republic from damage and to report without delay, at the latest, however, within one month upon knowledge, on any circumstances which have come to your knowledge and which may jeopardize the due performance of the export contract; this includes your obligation to inform the Republic of the occurrence of a loss before invoicing (loss during production);
- Loss during production**
2. a) provide at any time information on the details and the status of the export contract and disclose your and your agents' books and

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records to the extent necessary for the assessment of the transaction;

b) give written notification to the Republic of any other insurance of the transaction against non-payment, either complete or partial;

3. obtain the approval of the Republic prior to a substantial modification of the export contract; a substantial modification shall be deemed in particular:

- an extension of the delivery dates and performance dates provided they differ by six months or more from the period notified at the time of the issuing of the guarantee,
- a change of securities,
- an extension of the terms of payment;

Notification period

4. notify in writing without delay, but at the latest within two months (notification period)

- upon the non-performance of the foreign contracting partner, or
- upon the occurrence of a loss according to article 6.

5. comply with instructions without delay; you may be instructed at any time in the case of non-performance of the foreign contracting partner or in the case of a loss becoming evident or actually occurring;

6. take all measures necessary to enforce the claims against the foreign contracting partner with the approval of the Republic;

Alternative disposal

7. dispose of goods comprised by the cover in the most profitable way in agreement with the Republic (alternative disposal);

8. accept the terms agreed in a rescheduling also for the uninsured percentage unless your application for a different procedure is agreed to. In the case of a partial cover, the part not covered by the guarantee shall be represented by you.

Claims

§ 6

(1) An application for the admission of a claim shall be submitted in writing; the documents required for the assessment of the application shall be enclosed. The claim will be accepted with declarative effect if you have proven that

1. you have performed your contractual obligations or are prepared to do so,

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2. the foreign contracting partner has not performed, or cannot perform, his contractual obligations,
 3. a commercial or political fact according to section (2) or (3) has occurred and
 4. a period of three months after maturity or in the case of a loss during production a period of six months after the occurrence of the fact has passed (waiting period). There shall be no waiting period when a fact according to section (2) subsection 2 has occurred.
- Waiting period**
- Commercial facts** (2) Commercial facts are:
1. A notification of default following an unsuccessful written reminder to the foreign contracting partner summoning him to perform his obligations, or following an unsuccessful presentation of securities for payment ;
 2. insolvency of the foreign contracting partner, if it is proven by the judicial opening or refusal of insolvency proceedings;
 3. impossibility of performance on your part or on the part of your agents, owing to circumstances for which you are not responsible and which have occurred abroad; this definition also includes the occurrence of a loss before invoicing (loss during production) with respect to a private contracting partner.
- Political facts** (3) Political facts are:
1. War or warlike events;
 2. rebellion or revolution;
 3. governmental measures limiting or preventing the transfer or the free disposition of the consideration due to you; a payment default shall be deemed equivalent thereto if the contracting partner or its guarantor is representing the state authority and cannot be bankrupted by judicial or administrative act (public contracting partner);
 4. impossibility of performance owing to other political events. This definition also includes with respect to a public contracting partner the occurrence of a loss before invoicing (loss during production) as well as the impossibility of performance by you or your agents for reasons for which you are not responsible and which have occurred abroad.
- Public contracting partner**

Exclusion of Liability

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§ 7

- (1) Liability is excluded, if
1. you were already aware at the time of your application for the guarantee, that
 - a) performance by the foreign contracting partner would be impossible;
 - b) the foreign contracting partner had committed a breach of contract within the last two years in connection with another agreement;
 - c) the foreign contracting partner was insolvent, or insolvency or execution proceedings had been initiated
 2. you have made false statements in the application for the guarantee either deliberately or by gross negligence ;
 3. the contractual downpayment has not been received;
 4. you have violated a stipulation of the guarantee either deliberately or by gross negligence;
 5. losses have occurred for which you, your agents, your partners in a consortium or the second exporter are responsible;
 6. you have violated domestic or foreign legal regulations, unless you can prove that the non-performance of the foreign contracting partner has not been caused by that violation;
 7. losses have occurred for which you, in line with commercial practice, might have obtained insurance - except credit insurance - with domestic insurance companies.
- (2) If the exclusion of liability is based on circumstances which have occurred or become apparent only after the admission of the claim, the admission will be revoked.

Computation of the Compensation due under the Guarantee

§ 8

- (1) The Republic reimburses in the case of a loss as a maximum the amount which would have been to your benefit if the export contract had been duly performed.
- (2) The computation of the compensation due to you will be based on the outstanding receivables (without interest), in the contractual

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currency, at the time when the fact has occurred.

In the case of a loss during production the computation will be based only on the amount of the actual costs already incurred for the production or procurement of goods or the rendering of services. Costs usually arising in your business can only be considered if they have been calculated in the order.

The parts of the claim not covered by the guarantee will be deducted from this amount.

Any partial cover will be considered.

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| Conversions | (3) | Conversions shall be effected either at the fixed rates of the Currency Union or at the reference rates published by the European Central Bank on the day of the application for the admission of the claim. The conversion shall, however, not be effected at any rate of exchange higher than the rate specified in the guarantee. |
| | (4) | If required there shall be a reduction to the maximum amount of the guarantee. |
| | (5) | The remaining amount shall be considered in proportion to the outstanding receivables (without interest) at the time when a fact has occurred (proportion of cover). |
| Proportion of cover | (6) | Contractual interest will be added to the extent of the proportion of cover. |
| | (7) | Payments received after the fact shall be deducted to the extent of the proportion of cover, regardless of their declared use, as well as any revenues resulting from an alternative disposal and any amounts to be excluded in accordance with article 7. |
| Compensation | (8) | The compensation due under the guarantee results after deduction of the uninsured percentage. |
| Proportion of repayment
Proportion of cost refund | (9) | The proportion of cover less the uninsured percentage results in the proportion of repayment and in the proportion of refund of costs. |
| Interest for the waiting
period | (10) | Interest on the compensation due under the guarantee for the 3-month-waiting period according to article 6 shall be refunded at the variable rate of the Export Financing Scheme of Kontrol bank. |

Maturity of the Compensation due under the Guarantee

§ 9

- (1) The compensation for receivables which according to the contract were due prior to the admission of the claim is payable simultaneously with the admission.
- (2) The compensation for receivables which according to the contract would

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have been due after the admission of the claim is payable at the stipulated maturity dates. A possible acceleration clause in the contract is not valid against the Republic.

**Obligations of the Policyholder
after Admission of the Claim**

§ 10

You are obligated to

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| Assignment to the Republic | 1. assign your receivables to the extent of the admission to the Republic before payment of the compensation and to take all legal steps required to this effect; existing securities shall be transferred equally; |
| Alternative disposal | 2. dispose of goods comprised by the admission in the most profitable way in agreement with the Republic (alternative disposal) and to assign any receivables arising therefrom to the Republic to the extent of the admission. Upon request these goods are to be pledged to the Republic; |
| | 3. take all steps necessary to enforce the claims in your own name but with the approval of the Republic, provided they are not represented by the Republic itself; |
| | 4. comply with instructions to undertake specific recovery measures; |
| Repayment obligations | 5. transfer to the Republic all receipts before deducting any commission or bank fees to the extent of the proportion of repayment, regardless of their declared use. |
| | Any other financial benefits, such as interest, interest on interest or default interest paid for the time after the payment of the compensation or any additional revenue resulting from the disposal of goods shall be likewise remitted; |
| | 6. accept the terms agreed in a rescheduling also for the uninsured percentage unless your application for a different procedure was agreed to. In the case of a partial cover, the part not covered by the guarantee shall be represented by you. |

Refund of Costs

§ 11

Cost refund Expenses or losses occurring in connection with the enforcement of your claims will be refunded to the extent of the proportion of cost refund if the preconditions for the admission of a claim exist or a claim has already been accepted and the respective measures were taken in accordance with the General Business Conditions, upon instruction or with the approval of the Republic.

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Handling Fee and Premium

§ 12

Handling fee	(1)	The fee for handling the application is 0.1 % of the value of the transaction for which cover is applied, but not less than 10 Euro and not more than 720 Euro or the respective countervalue in Austrian Schillings. It is due to be paid immediately upon receipt of the debit note, even in the case of the rejection of an application.
Premium	(2)	The premium is determined in the policy for the entire lifetime.
	(3)	The premium is computed on the maximum amount of the guarantee with regard to the premium rate and the risk period.
Risk period		The risk period results from the terms agreed in the contract; for the computation of the premium it is counted in whole calendar quarters rounded upwards. It shall not be less than one quarter in the case of letters of credit payable at sight, and not less than two quarters in all other cases.
	(4)	The premium is in general payable at the acceptance of the policy ("up front"). It is possible to agree on a different procedure in the policy.
Premium recomputation	(5)	If the Republic agrees to a change of the volume of cover or to a substantial extension of the lifetime of the contract, the premium is recomputed and any resulting difference shall be debited.
Premium refund		The Republic may refund premium; this may particularly be the case if the export contract has not come into force, if you cannot comply with a condition stipulated in the policy and you therefore terminate the guarantee, if a loss during production has occurred and the premium for the credit period has already been paid or if the credit was paid back substantially earlier. A flat rate of 5 % to compensate for handling, but not more than 2,150 Euro, will be withheld from the amount to be reimbursed.
Flat rate	(6)	If a covered risk is transferred into another guarantee, the premium paid will upon application be imputed or refunded from the day of transfer.

Default Interest

§ 13

Default interest	If amounts due to the Republic - premium, refunds or repayments due to a revocation of the admission of a claim - are not paid immediately, default interest computed at a rate of 300 basis points above the variable interest rate of the Export Financing Scheme of Kontrollbank may be debited.
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Assignment of the Policy

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§ 14

Assignment to third parties

The first assignment of the policy to a bank needs no approval, but requires notification in writing by you and by the assignee. Any other assignment - except to Kontrol bank – needs the written approval of the Republic.

Your obligations towards the Republic are not affected by any assignment.

Enforcement of the Claims by Legal Action and Prescription

§ 15

Prescription

(1) An application for the admission of the claim must be filed within three years after the guarantee expired; otherwise you lose your rights.

Legal action

(2) If the decision of the Republic is not in accordance with your application, you are entitled to take legal action in the ordinary courts of Austria within three months upon the date you were notified of the decision, otherwise you lose your rights.

Acceptance of the Policy

§ 16

The policy is deemed accepted and legally effective if it has not been returned within fourteen days upon receipt.

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Explanatory Notes on the Types of Guarantees

1. Guarantees to cover risks arising from
 - a) contracts for the delivery or the production and delivery of goods as well as the performance of services by exporters to foreign contracting partners (guarantees for direct deliveries and services, G 1 a);
 - b) licence agreements, patent exploitation agreements, licence agreements on know-how, agreements on copyright (comprehensive or specific copyright) of exporters, as well as agreements relating to the performance of other services concluded with foreign contracting partners (G 1 b);
 - c) lease or lease-purchase contracts on exporters' goods located abroad in the hands of foreign contracting partners and serving the production of other goods (G 1 c);
 - d) contracts on the delivery or production and delivery of goods as well as the performance of services by foreign enterprises, if the proceeds thereof are applied directly or indirectly for the payment of legal transactions of exporters (G 1 d).
2. Guarantees to cover risks arising from contracts on the delivery or the production and delivery of goods as well as the performance of services of foreign enterprises to that extent, as exporters participate in the respective contract (guarantees for indirect deliveries and services G 2).