

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

**TABLE OF CONTENTS**

**ARTICLE 1. GENERAL**

**Section 1.1. Definitions**

**Section 1.2. Interpretation**

1.2.1. *Inconsistency with the contents of the Order*

1.2.2. *Inconsistency between the General Conditions, the Order and related Exhibits*

1.2.3. *Specifications*

1.2.4. *Headings*

**ARTICLE 2. PRICE**

**Section 2.1. Value Added Tax (VAT)**

**Section 2.2. Price Adjustments**

**Section 2.3. Stop Payments**

**ARTICLE 3. BILLING AND PAYMENT**

**Section 3.1. Payment Method**

**Section 3.2. Advance payments**

**ARTICLE 4. PURPOSE; GOODS; WARRANTIES**

**Section 4.1. Obligations of the Parties**

**Section 4.2. Quality of the Goods. Specifications.**

**Section 4.3. Certainty about the Goods and their uses**

**Section 4.4. Inspection, Certification and Quality Requirements**

4.4.1. *Right to conduct inspections*

4.4.2. *Testing*

4.4.3. *Provision of supplies for Testing purposes*

4.4.4. *Availability of Goods for Testing*

4.4.5. *Tests performed by the Supplier*

4.4.6. *Test Log*

4.4.7. *Defective Goods*

4.4.8. *Inspections when Subcontractors are involved*

4.4.9. *Joint Tests*

4.4.10. *Effects of the Inspection and/or Tests*

**Section 4.5. Changes**

4.5.1. *Right to request changes*

4.5.2. *Rights and Obligations of the Supplier in case of a change*

**Section 4.6. Warranties**

4.6.1. *Scope of Warranties*

4.6.2. *Warranty Period*

**Section 4.7. No Encumbrances**

4.7.1. *Scope of this guarantee*

4.7.2. *Exclusive resources*

**Section 4.8. Performance Bond**

## **GENERAL CONDITIONS OF CONTRACT FOR THE SUPPLY OF GOODS**

- 4.8.1. *Requirements*
- 4.8.2. *Replacement of the Performance Bond*
- 4.8.3. *Renewal of the Performance Bond*
- 4.8.4. *Failure to Renew the Performance Bond*

**Section 4.9. *Laws and Regulations - Indemnities***

**Section 4.10. *Other Provisions***

- 4.10.1. *AFIP General Resolution No. 899/2000 (Clave de Alta Temprana C.A.T.)*
- 4.10.2. *Law No. 27.737 “Compre Argentino y Desarrollo de Proveedores”, – Decree No. 800/2018 and applicable rules.*
- 4.10.3. *Law No. 27.401 “Ley de Responsabilidad Penal” and Decree N° 277/2018*
- 4.10.4. *Transparency in business, Integrity Program and TGS’s Code of Conduct*
- 4.10.5. *Indemnity guarantee in relation to the performance of these obligations*

**Section 4.11. *Trademarks, Patents, Copyrights and other third party rights***

**ARTICLE 5. DELIVERY, RETURNS and SUSPENSION**

**Section 5.1. *Packing and Containers***

**Section 5.2. *Responsibility for Delivery***

**Section 5.3. *Contractual Terms for Delivery***

**Section 5.4. *Partial Delivery***

**Section 5.5. *Transport Risks***

**Section 5.6. *Technical Documentation Delivery***

**Section 5.7. *Purchase Order and Technical Documentation Language***

**ARTICLE 6. DEFAULT**

**Section 6.1. *Late Delivery, Nondelivery and Remedies***

- 6.1.1. *Penalties in case of Default*

**Section 6.2. *Goods that fail to meet the Specifications***

- 6.2.1. *Minor Discrepancies*
- 6.2.2. *Replacement or Repair*
- 6.2.3. *Replacement Costs*
- 6.2.4. *Damages caused by Delay*
- 6.2.5. *Price Reduction*

**Section 6.3. *Calculation of damages in case of “interdependence”***

**Section 6.4. *Termination***

**Section 6.5. *Remedies under this Article***

**ARTICLE 7. EXCEPTIONS TO DEFAULT**

**Section 7.1. *Exceptions***

**Section 7.2. *Notice of Excusable Event***

**Section 7.3. *Effects***

**Section 7.4. *Termination by reason of the long-lasting effects of an Excusable Event***

**ARTICLE 8. TERMINATION**

**Section 8.1. *Termination by the Buyer***

- 8.1.1. *Termination without Cause*
- 8.1.2. *Termination by reason of Default*

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

- 8.1.3. *Termination by reason of “crossed” Default*
- 8.1.4. *Termination by reason of Bankruptcy and/or Liquidation*
- Section 8.2. *Termination by the Supplier***
  - 8.2.1. *Termination by reason of Default*
- Section 8.3. *Effects of Termination by the Buyer***
- Section 8.4. *Effects of Termination by the Supplier***
- Section 8.5. *Return of the information furnished by the Buyer***
- Section 8.6. *Provisions and obligations surviving Termination***

**ARTICLE 9. ASSIGNMENT; SUBCONTRACTORS**

- Section 9.1. *Assignment by Supplier***
- Section 9.2. *Assignment by Buyer***
- Section 9.3. *Subcontractors***

**ARTICLE 10. MISCELLANEOUS PROVISIONS**

- Section 10.1. *Right of Setoff***
- Section 10.2. *Publicity - Confidentiality***
- Section 10.3. *Information Accuracy***
- Section 10.4. *Entire Agreement***
- Section 10.5. *Changes and Amendments***
- Section 10.6. *Waiver***
- Section 10.7. *Notices***
- Section 10.8. *Applicable law***
- Section 10.9. *Dispute Resolution***
  - 10.9.1. *Amiable Settlement*
  - 10.9.2. *Arbitration*
  - 10.9.3. *Appointment of Arbitrators*
  - 10.9.4. *Arbitration Venue and Language*
  - 10.9.5. *Finality; Enforceability*
  - 10.9.6. *Costs*
  - 10.9.7. *Recourse*
  - 10.9.8. *Authority of Arbitrators*
  - 10.9.9. *Severability*

**Article 11: Independence**

**EXHIBIT I - DEFINITIONS**

**EXHIBIT II – SPECIMEN STAND BY LETTER OF CREDIT FOR ADVANCE PAYMENTS**

**EXHIBIT III – SPECIMEN PERFORMANCE BOND FOR GUARANTEES**

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS****ARTICLE 1. GENERAL****Section 1.1. Definitions**

The terms used in capital letters in these General Conditions shall have the meaning defined in Exhibit I hereto.

**Section 1.2. Interpretation*****1.2.1. Inconsistency with the contents of the Order***

These General Conditions shall apply in conjunction with the provisions contained in the Order. In case of inconsistency between any of the provisions of these General Conditions (including those contained in the related Exhibits) and any provision contained in the Order, the provisions of the Order shall prevail.

***1.2.2. Inconsistency between the General Conditions, the Order and related Exhibits***

In case of inconsistency between these General Conditions and the Exhibits, these General Conditions shall prevail.

***1.2.3. Specifications***

The Specifications / Features of any Good required in the Order although were not indicated in the accompanying drawings or plans shall be included in the scope of the Order.

***1.2.4. Headings***

The headings contained in these General Conditions shall be used for the convenience of interpretation only of the Agreement thereto the headings shall not be used in any way whatsoever to support or construe said Agreement..

**ARTICLE 2. PRICE****Section 2.1. Value Added Tax (VAT)**

Except as otherwise stipulated in the Order, the price shall not include Value Added Tax (VAT) or other VAT-equivalent taxes.

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

**Section 2.2. Price Adjustments**

Except as otherwise provided for in the Order, the price shall be a fixed amount and shall not become subject to any adjustments whatsoever.

**Section 2.3. Stop Payments**

In the event that the Supplier fails to meet his obligation of delivering all the Goods within the Delivery Deadlines agreed upon in the Order, or the Goods delivered fail to meet the Specifications, or the Supplier otherwise fails to meet his obligations under the Agreement, notwithstanding the Buyer's right to claim through the appropriate procedures and/or to apply penalties as provided for in the Order or in these General Conditions, the Buyer may suspend any payment due to the Supplier until the Supplier has met all his obligations under the Agreement.

**ARTICLE 3. BILLING AND PAYMENT**

**Section 3.1. Payment Method**

Except as otherwise provided for in the Order, the Price or any other amount due by the Buyer to the Supplier shall be paid within thirty (30) days of the Date of Receipt of the invoice at the Buyer's Offices.

**Section 3.2. Advance Payments**

In the event that the parties have agreed to make advance payments, before the Buyer issues the advance payment, the Supplier shall provide a guarantee as follows:

- (a) For local Suppliers, the guarantee may be a Bank Guarantee or a Surety Bond, issued by a first-line Bank or Insurance Company –Insurance Cooperatives shall not be accepted-acceptable to the Buyer, with payment address at the Buyer's address, for an amount equal to that of the advance payment, and in the same currency as that of the Order. The guarantee provided hereunder shall expire once thirty (30) days have passed since the Delivery Date of the Good at the Buyer's Warehouse.
- (b) For foreigners Suppliers, the guarantee shall be a Stand By Letter of Credit, according to the specimen letter attached in Exhibit II hereto, for an amount equal to that of the advance payment and in the same currency as of the Order. The guarantee provided hereunder shall expire occur once ninety (90) days have passed since the Delivery Date of the Good at the Buyer's Warehouse.

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS****ARTICLE 4. PURPOSE; GOODS; WARRANTIES****Section 4.1. Obligations of the Parties**

The Supplier undertakes to sell and deliver to the Buyer and the Buyer agrees to buy and receive from the Supplier the Goods in accordance with the terms and conditions set forth in the Agreement.

**Section 4.2 Quality of the Goods. Specifications.**

All the Goods delivered by the Supplier shall meet the Specifications. In the absence of specifications, the Supplier shall deliver the Goods that meet the highest quality. Except as expressly stipulated in writing in the Order, (a) the Goods and all parts thereof shall be new and unused; (b) the guarantees provided by the Supplier in relation to the Goods shall be those indicated in these General Conditions for new and unused Goods.

**Section 4.3. Certainty about the Goods and their uses**

The Buyer shall use only the information on the Goods and their uses, such as weight, size, capacity, prices, colors, which is contained in the catalogs, prospectuses, circulars, advertisements, drawings and price lists of the Supplier. However, in case of inconsistency between such information and the terms of the Agreement, the terms of the Agreement shall prevail.

**Section 4.4. Inspection, Certification and Quality Requirements*****4.4.1. Right to conduct inspections***

In addition to the Supplier's testing and inspection obligations, the Buyer may inspect the Goods during the manufacturing process and before shipment; for which purpose, the Buyer shall notify the Supplier five (5) days in advance of the inspection date that its Representatives shall conduct an inspection at the site where the Goods are manufactured. In addition to this, the Supplier shall notify the Buyer within a reasonable period of time before the Goods are shipped, so that the Buyer may inspect (or re-inspect) the Goods before the goods are delivered to the Buyer.

***4.4.2. Testing***

When the Order contains provisions about the tests that the Buyer may perform on the Goods or about the Buyer's presence at the tests to be performed by the Supplier, the Supplier shall deliver to the Buyer the testing and inspection procedures applied by the Supplier at least thirty (30) days in advance of the testing date.

***4.4.3. Provision of supplies for Testing purposes***

When the Order contains provisions on the testing of Goods by the Buyer before shipment, the Supplier shall provide, at his own expense, all the assistance, labor, materials, devices,

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

instruments (Supplies) as may be required for the Buyer to perform all such tests, inspections and examinations.

***4.4.4. Availability of Goods for Testing***

When the Order contains provisions on the testing of Goods by the Buyer before shipment, such Goods for which inspection, testing and/or approval is required shall not be covered, packed, carried, withdrawn or disconnected from the place where the tests shall be conducted until completion of the tests and release of the related approval.

***4.4.5. Tests performed by the Supplier***

When the Buyer notifies the Supplier of his intention not to be present at the tests to be performed on the Goods, the Supplier shall perform such tests and shall provide the Buyer with the certifications of the tests performed.

***4.4.6. Test Log***

The Supplier shall maintain, for a term of two (2) years as from the Delivery Date of the Goods, a complete log of all the tests performed on the Goods, whether or not they have been satisfactory, and shall send the Buyer a copy thereof at the Buyer's request.

***4.4.7. Defective Goods***

In the cases that, as a result of the testing or examination of the Goods and/or of any of their parts or components, the Buyer reasonably determines that there is some defect or that the Goods fail to meet the Specifications, the Buyer may reject the defective Goods by giving written notice thereof to the Supplier and of the reasons that led to such rejection. In such event, the Supplier shall, at his own expense, correct the defect or supply Goods to replace the defective ones and, at the same time, agree with the Buyer on the tests to be performed on the latter. Notwithstanding other remedies set forth in this Agreement, the Supplier shall reimburse the Buyer the costs and expenses incurred by the Buyer as a result of the inspections and testing performed.

***4.4.8. Inspections when Subcontractors are involved***

In the cases in which the Supplier is authorized to subcontract all or a portion of his obligations under Section 9.3., the Buyer shall be entitled to perform inspections and tests on the Goods and/or on any parts thereof in accordance with the inspection and testing procedures of the subcontractor. The Supplier warrants to the Buyer that the agreements that the Supplier may enter into with the subcontractors shall be responsible for the Buyer's rights and powers under this Section.

***4.4.9. Joint Tests***

## **GENERAL CONDITIONS OF CONTRACT FOR THE SUPPLY OF GOODS**

In the event that the Order requires the execution of joint tests on the Goods or the Buyer's presence at the tests to be performed by the Supplier, the provisions contained in this Section shall apply.

### ***4.4.10. Effects of the Inspection and/or Tests***

The inspection or noninspection by the Buyer shall not release the Supplier from any of his obligations under this Agreement.

## **Section 4.5. Changes**

### ***4.5.1. Right to request changes***

The Buyer may, at any time and through a written order delivered to the Supplier, perform changes to the obligations of the Supplier under the Agreement, including changes in one or more of the following:

- I. The Specifications;
- II. The quantity of Goods to be purchased;
- III. Shipment or packing method;
- IV. Date and place of delivery;
- V. The services to be rendered by the Supplier, if any.
- VI. Other conditions indicated in the Order.

### ***4.5.2. Rights and Obligations of the Supplier in case of a change***

The Supplier may not deny performance of the changes requested by the Buyer. In the event that any of such changes causes an increase or decrease in the costs or in the time required for the Supplier to meet his obligations under the Agreement, a reasonable adjustment shall be made to the prices of the Goods or to the Delivery Time. Such price adjustment shall not be binding on the Buyer if the Supplier fails to meet his duty to request the adjustment in writing within ten (10) calendar days of the release date of the change request by the Buyer.

## **Section 4.6. Warranties**

### ***4.6.1. Scope of the Warranties***

The Supplier warrants that all the Goods supplied under this Agreement (i) shall meet the Specifications, (ii) shall meet the performance requirements stated in the Order, and (iii) shall be free of manufacturing defects.

### ***4.6.2. Warranty Period***

Except as otherwise provided for in the Order, the Supplier's warranty shall be effective for twelve (12) months as from the first date of use or service or eighteen (18) months as from



## GENERAL CONDITIONS OF CONTRACT FOR THE SUPPLY OF GOODS

receipt of the Goods by the Buyer, whichever occurs first; considering that if a Good or part of a Good is replaced or repaired under Section 6.2., for such Good or the parts thereof, a new warranty period shall begin for a term of twelve (12) months as from the date such Good or part thereof has been replaced or repaired [.

### **Section 4.7. No Encumbrances**

#### *4.7.1. Scope of this guarantee*

The Supplier guarantees that all the Goods to be delivered under the Agreement shall be free of tax encumbrances or charges of any kind whatsoever.

#### *4.7.2. Exclusive remedies*

In order to protect the Buyer's rights in relation to the Goods (including the cases in which the Goods remain in the hands of another party), the Supplier shall take or cause to take all such measures as may be necessary under the law to protect the good title and right of the Buyer, as well as to hold the Buyer harmless from any claims from third parties against the Buyer in relation to the ownership of the Goods. In the cases in which, despite of having received written notice from the Buyer and a reasonable period of time has passed for the Supplier to release the Buyer, the Supplier fails to meet his obligation to release the Buyer from such encumbrances or claims under the Agreement, the Buyer shall be entitled, at his own discretion, to resolve the claim or release the encumbrances and the Supplier shall reimburse the Buyer all the costs and expenses incurred by the Buyer, including attorneys' fees. The provisions contained herein shall not exclude the Buyer's right to exercise any other right arising from the Agreement or from applicable law.

### **Section 4.8. Performance Bond**

#### *4.8.1. Requirements*

Except it is expressly excluded, waived or changed in the provisions contained in the Order, within (a) ten (10) calendar days of the Agreement Date or (b) two (2) business days before the due date for the Buyer to make a advance payment, if so agreed upon, the Supplier shall provide a guarantee, at his own expense, for the benefit of the Buyer in accordance with the following conditions:

- (a) **For local suppliers** the guarantee shall be a Bank Guarantee or Surety Bond issued by a first-line Bank or a first-line Insurance Company – Insurance Cooperatives shall not be accepted – for an amount equivalent to ten per cent (10%) of the Order amount – plus VAT, as appropriate – and in Argentine Pesos or United States Dollars, or for the percentage stated in the Order, if so set forth therein, of the total price of the Goods to be supplied under the Agreement, which shall serve as a Performance Bond and shall be effective until the Supplier has met all his obligations under the Agreement,

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

notwithstanding that, in any case, this guarantee shall not expire before the expiration date of the Goods warranty provided under Section 4.6.

- (b) For foreign suppliers** the guarantee shall be a Performance Bond, according to the specimen document attached as Exhibit III hereto, issued by a first-line Company and satisfactory to the Buyer, for an amount equivalent to ten percent (10%) of the Order amount and in the same currency, if so set forth therein, of the total price of the Goods to be supplied under the Agreement, which shall serve as a Performance Bond and shall be effective until the Supplier has met all his obligations under the Agreement, notwithstanding that, in any case, this guarantee shall not expire before the expiration date of the Goods warranty provided under Section 4.6.

***4.8.2. Replacement of the Performance Bond***

In the cases in which the warranty period of the Goods is extended by reason of replacement or repairment of the Goods or in case of interdependency the Supplier shall replace the Performance Bond at least ten (10) business days in advance of the expiration date thereof by a Replacement Performance Bond, which shall:

- (a) be for an amount equivalent to ten percent (10%) of the value of the Goods replaced or repaired under the Goods warranty; and  
(b) remain in full effect through the expiration of the full warranty period of the Goods replaced or repaired, notwithstanding the nonapplication of this provision in case of interdependence as set forth in Section 6.3.

This guarantee shall be effected in the same way as that provided for in 4.8.1.

***4.8.3. Renewal of the Performance Bond***

If the Performance Bond or the Replacement Performance Bond expires before the Supplier has met all his obligations under the Agreement, the Supplier shall replace the Performance Bond or the Replacement Performance Bond, as appropriate, at least ten (10) business days in advance of the expiration date thereof by a new performance bond governed by the same terms and conditions of those contained in the Performance Bond or the Replacement Performance Bond so replaced.

***4.8.4. Failure to renew the Performance Bond***

The Supplier's failure to renew the Performance Bond or the Replacement Performance Bond within fifteen (15) days prior to the expiration date of the Performance Bond or the Replacement Performance Bond, as appropriate, shall entitle the Buyer to enforce the guarantees in order to obtain from the guarantee issuer payment of all the amounts secured by such guarantees and/or to withhold the appropriate amounts until the Supplier has met all his obligations, including such expenses and fees in which the Buyer may have incurred as a result of such enforcement. The Buyer shall reimburse the Supplier all such amounts as the Buyer may have received from the guarantee issuer once the total amount due by the Supplier to the Buyer has been deducted.

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS****Section 4.9. Laws and Regulations - Indemnities**

The Supplier shall indemnify and hold the Buyer harmless from and against any damages – consequential damages and lost profit – associated with, relating to or arising from any violation to or nonperformance of obligations under the laws, ordinances and/or regulations issued by any authority with jurisdiction over the subject matter of this Agreement and the obligations arising therefrom, including those issued by the Argentine Gas Regulator Government Body (the ENARGAS) in its capacity as the Enforcement Authority of Argentine Law No. 24076 and as the oversight agency of TGS acting as the Licencee of the Natural Gas Transportation Utility, as well as –as appropriate, at the Buyer’s discretion– all such obligations as may be enforceable for full compliance with ISO 14001, ISO 9000 and OHSAS 18001 standards. The Supplier’s obligation to indemnify and hold the Buyer harmless shall include without limitation the Supplier’s obligation to pay such reasonable attorneys’ fees as the Buyer may have incurred to answer any such claims.

In addition to this, the Supplier assumes the responsibility for such damages as the Supplier may be required to pay to the Buyer the result of litigation or claims filled by the staff of the Supplier or subcontractors or third parties, including but not limited only to claims filled by the Customs Brokers engaged by the Supplier.

**Section 4.10. Other Provisions (not applicable)**

**4.10.1. AFIP General Resolution No. 899/2000 (Clave de Alta Temprana C.A.T.):**  
*Not applicable.*

**4.10.2. Decree No. 909/2000 – Law No. 27.737 “Compre Argentino y Desarrollo de Proveedores”, 25551 – Decree No. 16800/200218 and Applicable Rules.**  
*Not applicable for foreign supply.*

**4.10.3. Law No. 25344 27.401 “Ley de Responsabilidad Penal” and Decree N° 277/2018 on Economic and Financial Emergency**

In accordance with Law 27.401 and decree N°277/2018 TGS implement an Integrity Program and has the commitment to keep internal actions and procedures to promote de integrity, supervision and control orientated to prevent, detect, and correct irregularities and unlawful acts, requesting for that purpose to the Suppliers to comply with the conditions and the scope stated in this standard and its regulations.

**4.10.4. Transparency in business, Integrity Program and TGS’s Code of Conduct**

According to 4.10.3, the Supplier acknowledges that TGS considers its Suppliers as an essential element in the development and implementation of TGS’s Integrity Program and the Code of Conduct, in such way the Supplier assumes the agreement to comply with its requirements and to adopt the best practices in that way.

## **GENERAL CONDITIONS OF CONTRACT FOR THE SUPPLY OF GOODS**

In the same way the Supplier agrees to perform the business with transparency and the Supplier agrees, when required by TGS, to supply complete and accurate information about their business policies which are relevant for the sustainability of our performance.

With the subscription of this General Purchasing Conditions the Supplier acknowledges TGS's Integrity Program and TGS's Code of Conduct with the commitment to comply and request also to their subcontractor to comply with said documents and refrain to perform any action against the statement of said documents related to the commercial relation with TGS,

### ***4.10.5. Indemnity guarantee in relation to the performance of mentioned obligations***

The Supplier shall indemnify and hold the Buyer, its stockholders and its affiliates <and their representatives against any claim and/or responsibility arising from any nonperformance of obligations sated in points 4.10.1 to 4.10.4.

The Supplier accepts and acknowledges that any amount related to any claim shall became a positive balance for TGS and could be compensated for the amount that TGS should have to pay to the Supplier related to the Order.

### **Section 4.11. Trademarks, Patents, Copyrights and other Third Party Rights**

The Supplier shall indemnify and hold the Buyer harmless from and against any damages – consequential damages and lost profit – associated with, relating to or arising from any infringement of or noncompliance with applicable rules on patents, trademarks, copyrights, licenses and/or intellectual property rights used or applied in the production, equipment, design and/or delivery of the Goods, including but not limited to the Supplier's obligation to pay reasonable attorneys' fees in which the Buyer may have incurred to answer any claim and the Supplier's obligation to replace or change, if possible, the Goods so that the Goods no longer violate any of above mentioned rules.

## **ARTICLE 5. DELIVERY, RETURN and SUSPENSION**

### **Section 5.1. Packing and Containers**

The Goods shall be packed as established in the Order or, if no such provision is stated therein, in compliance with the rules of commerce applicable to this type of Goods, ensuring that the means of transport used ensures the arrival of the Goods at the place of destination undamaged and in accordance with the Agreement.

The Buyer shall receive the products acquired only if the packaging is in perfect conditions. The products shall not be received when the packaging includes:

- Wooden boxes with broken parts due to falling, crushing, signs of burning, mishandling, humidity, etc.;
- Cardboard boxes with broken parts, inner and/or external humidity spots, crushes, wrongly sealed and/or open, with the bottom damaged, etc.;
- Materials on pallets not well fixed;
- Packages with any other signs that may endanger the integrity of the contents.

## **GENERAL CONDITIONS OF CONTRACT FOR THE SUPPLY OF GOODS**

In the case of goods are delivered in containers, the containers shall not be received when:

- There are leakages or smashes and/or dents that may endanger the watertightness of the containers;
- The containers have a defective lid and/or a lid that has been tampered with;
- The containers are dirty or stained with the product they carry, even if the leakage is not from the container itself;
- The metal containers are rusty or show signs of initial corrosion;
- The plastic recipients show signs of degradation, cuts, punctures;
- The glass containers have cracks or any other sign that not only endangers their contents but also contaminates their environment.

Except otherwise agreed upon by the Parties, the packing material and the containers in which the Supplier delivers the Goods shall be deemed nonreturnable.

### **Section 5.2. Responsibility for Deliveries**

The Supplier is responsible for making deliveries on the dates and at the Place of delivery indicated in the Agreement. The Delivery shall be deemed fully completed once the Goods have been delivered at the Place of delivery indicated in the Order.

### **Section 5.3. Contractual terms of the Delivery**

Except otherwise provided for in the Order, the delivery shall be made on truck at the place of delivery indicated in the Order.

### **Section 5.4. Partial Delivery**

Except otherwise provided for in the Order, no partial deliveries are allowed.

### **Section 5.5. Transport Risks**

The risks of loss, destruction or damage to the Goods as a result of their transportation may only be passed on to the Buyer once the Supplier has completely met the obligation to deliver the Goods as instructed in the Order and provided the Goods involved have been expressly identified and linked to the Agreement, whether through marks, serial numbers, labels, shipment documents, etc.

### **Section 5.6. Delivery of Technical Documentation**

The Goods shall be deemed as delivered when, in addition to having met the requirements stated above, the Supplier delivers the Buyer the full set of the Technical Documentation required in the Order (Engineering, Certified Plans, Certificates of inspection and testing of the Goods, etc.)

**The Buyer shall withhold a ten percent (10%) of the total amount of the Order from the last payment until the Supplier has delivered the Technical Documentation required in the Order.**

## GENERAL CONDITIONS OF CONTRACT FOR THE SUPPLY OF GOODS

### **Section 5.7. Language of the Order and of the Technical Documentation**

The language shall be Spanish. Therefore, the Supplier undertakes to deliver in Spanish the total of documents the Buyer may request. The Buyer shall also submit in Spanish all the documentation it may generate; delivery of such documentation in English shall be at the Buyer's discretion.

## **ARTICLE 6. DEFAULT**

### **Section 6.1. Late Delivery, Nondelivery and Remedies**

#### ***6.1.1. Penalties in case of default***

In case of delay in the delivery without the Supplier's having any right to an extension of the delivery deadlines, the Supplier shall pay the Buyer the amounts indicated below as a fine (not as a penalty) for default in the Delivery – such default may be associated with damages the Buyer may have sustained and which the Buyer may deduct from any amount due or that may become due to the Supplier – notwithstanding any other rights or claims to which the Buyer may be entitled, namely:

- a) **0.33 percent (0.33%)** of the price of the Goods not delivered for every day of delay, beginning the day following the Delivery Date until, but excluding, (i) the date on which the Goods are actually delivered and (ii) the seventh day following that of the Delivery Date, whichever occurs first;
- b) **0.5 percent (0.5%)** of the total price of the Goods not delivered for every day of delay, beginning the seventh day following the Delivery Date until, but excluding, (i) the day on which the Goods are actually delivered and (ii) the fifteenth day following that of the Delivery Date, whichever occurs first;
- c) **0.75 percent (0.75%)** of the total price of the Goods not delivered for every day of delay, beginning the fifteenth day following the Delivery Date until, but excluding, (i) the date on which the Goods are actually delivered and (ii) the date on which the Agreement is terminated hereunder.

In the event the Buyer decides, at his sole discretion, to wait until the Supplier meets his obligations in relation to the delivery of the Goods under the Agreement, the maximum amount of the penalties shall not exceed ten percent (10%) of the Order amount.

### **Section 6.2. Goods that fail to meet the Specifications**

#### ***6.2.1. Minor Discrepancies***

The Goods shall comply with the terms of the Agreement, notwithstanding any minor discrepancies that are specific to and usual in the business between the Parties.

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

***6.2.2. Replacement or Repair***

In the event that the Goods fail to comply with the Agreement, the Supplier shall, at the discretion of the Buyer and immediately after having received the related request from the Buyer:

- (a) Replace the Goods which fail to meet the Specifications by adequate Goods, at no additional charge to the Buyer;
- (b) Repair the Goods, at no additional charge to the Buyer; or
- (c) Accept the payment made under Section 6.2.5. or reimburse the Buyer the difference between the price paid and the price indicated in such Section.

***6.2.3. Replacement Costs***

In those cases in which it is necessary to repair or replace Goods that fail to meet the Specifications, the Supplier shall pay, along with the amounts due under Section 6.2.4., all the costs (including import duties) incurred in shipping the Goods repaired or replaced to the Buyer and in reinstalling such Goods at the site where the Buyer intended to use them.

***6.2.4. Damages caused by Delay***

The Buyer shall be entitled to claim compensation for damages under Section 6.1.1. for every day of delay incurred between the notification date of that the Goods fail to meet the Specifications and the date of delivery of the Goods replaced under Section 6.2.2.(a) or the Goods repaired under Section 6.2.2.(b). Any payments required to be made under this Section may be accumulated together with any payments due under Section 6.1.1. in the event that the Supplier has defaulted otherwise under this Agreement and such default gives rise to the payment of such compensation.

***6.2.5. Price Reduction***

In the event that the Buyer decides to accept the Goods that fail to meet the Specifications, the Buyer shall be entitled to receive an amount equivalent to the difference between the value of the Goods that should have been delivered in compliance with the Agreement and the actual value thereof delivered.

**Section 6.3. Calculation of damages in case of “interdependence”**

In the event that the Supplier has failed to meet his obligation to deliver the Goods Committed on a timely basis and in due manner or a portion of such Goods fails to meet the Specifications and, for reasons of “interdependence” between the items shipped and the items not shipped or between the Specifications-compliant items and the Specifications-noncompliant items, the Goods delivered may not be used for their intended purpose, the percentages established in Sections 6.1.1. and 6.2.4. shall apply to the total price of the Agreement. For purposes of this Section, the term “item” shall include, without limitation, all the articles, materials, packaging, supplies, drawings, information, manuals, documentation

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

specified or required, all the designs developed under this Agreement, and all the services associated with such supply. This provision shall also apply to the cases in which the Parties have agreed to make partial shipments and there is “interdependence” between Goods that are to be sent in separate shipments.

**Section 6.4. Termination**

In the event that the Supplier fails to meet his obligation to deliver the Goods on the Delivery Date stated in the Order, and/or the Goods replaced or repaired, as the case may be, the Buyer may, at his sole discretion, terminate the Agreement under Section 8.1.2.(i) in full or (ii) in relation to the Goods not delivered and/or the Goods that fail to meet the Specifications. In case of termination of this Agreement by operation of this provision, the Supplier shall, in addition to any other amount the Supplier may be required to pay to the Buyer under Sections 6 and 8, immediately reimburse the Buyer the price paid for the Goods not delivered and/or that fail to meet the Specifications and indemnify the Buyer as provided for in Section 8.3.

**Section 6.5. Remedies under this Article**

The forms of relief provided for in this Article 6 are not exclusive of, and shall not prevent the affected party from resorting to, other forms of redressing any breach under this Agreement, including the provisions of Section 1083 to 1087 and 1089 of the Argentine Civil Code.

**ARTICLE 7. EXCEPTIONS TO DEFAULT**

**Section 7.1. Exceptions**

The Parties will not be responsible from meeting their obligations under this Agreement, by an Act of God or Force Majeure under the terms of Article 1730 of the Argentine Civil and Commercial Code.

**Section 7.2. Notice of Act of God or Force Majeure Event**

As soon as the Party affected by an Act of God or Force Majeure Event or the effects thereof, which prevents performing the obligations of one of the Parties under the Agreement, becomes aware thereof, said Party shall give notice to the other Party of the occurrence of such Act of God or Force Majeure Event and the related effects as well as of the conclusion thereof. Failure to meet this notification obligation shall hold the affected Party liable for any damages that may have been prevented had the notice been given.

**Section 7.3. Effects**

An Act of God or Force Majeure Event releases the nonperforming Party from the obligation to pay damages, penalties and perform other contractual sanctions for as long as the Act of God or Force Majeure Event prevails, but no longer than the strictly necessary period of time for the affected Party to eliminate the cause by acting with due diligence notwithstanding that Party obligation to minimize as far as it is possible, the effects of such Act of God or Force Majeure Event in relation to its obligations stipulated herein. Each Party shall bear the costs and expenses incurred as a result of the occurrence of an Excusable Event.



**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS****Section 7.4. Termination by reason of the long-lasting effects of an Excusable Event**

Any of the parties shall rescind this Contract unilaterally, in case an Act of God or Force Majeure Event makes it impossible to fully or partially comply the Order during a time period of ninety (90) days. Shall this occur, the Parties will not have any right to claim any indemnity amount for such termination of Contract, notwithstanding the Supplier's right to collect those invoices and/or Debit Notes which were unpaid and/or on pending payment: On the other hand, this will apply notwithstanding the Buyer's right to charge the Supplier all the applicable fines pursuant to this Agreement as well as those outstanding payments, in such case ARTICLE 8. TERMINATION

**Section 8.1. Termination by the Buyer**

The occurrence of any of the events and/or of the circumstances described in these General Conditions shall entitle the Buyer to terminate this Agreement:

***8.1.1. Termination without Cause***

The Buyer may terminate the Agreement in full or in part, at his sole discretion and at any time, by giving written notice thereof to the Supplier. The notice shall expressly state that the termination will occur at the Buyer's convenience and shall indicate the scope of such termination. The Buyer shall reimburse the Supplier all such costs duly supported by documentary evidence as the Supplier may have reasonably incurred through the receipt date of the termination notice, without the Supplier having any right to claim whatsoever (not even consequential damages or lost profit).

***8.1.2. Termination by reason of Default***

Notwithstanding the right to terminate the Agreement as provided for herein, in the cases in which the Supplier (a) assigns or transfers this Agreement and/or the rights or interests derived therefrom in violation of the provisions of the Agreement, (b) repeatedly fails to comply with laws and/or regulations issued by any competent authority and/or with instructions issued by the Buyer under this Agreement, (c) denies, rejects and/or is unable to meet any of his obligations under this Agreement, and/or (d) otherwise fails to meet his obligations hereunder, and if, upon default, the Supplier fails to redress the default within ten (10) calendar days of the receipt date of the Buyer's written notice, the Buyer may give notice of his decision to terminate the Agreement to the Supplier, which termination shall be effective forthwith or as from the date indicated by the Buyer.

In this event the Buyer can enforce the Guarantees submitted by the Supplier without any right to claim by the last mentioned Party.

***8.1.3. Termination by reason of "crossed" Default***

If the Supplier fails to meet his obligations under any contract and/or agreement in effect with the Buyer and/or any of his Affiliates and does rectifies such default under the terms provided

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

in the applicable agreement, the Buyer may terminate the Agreement by giving written notice thereof, without the Supplier having any right to any claim whatsoever on the grounds of such termination. The termination shall be effective as from the date indicated by the Buyer in the termination notice.

***8.1.4. Termination by reason of Bankruptcy and/or Liquidation***

In the event that the Supplier voluntarily files for reorganization or bankruptcy proceedings or a creditor files a petition for bankruptcy against the Supplier for an amount exceeding five hundred thousand Argentine pesos (ARS 500,000) and the related debt is not extinguished at the first available procedural opportunity, or the Supplier defaults in his payments under the terms of Law No. 24522, as amended; and/or if any of the events described above has not been caused by the Supplier but the Supplier fails to rectify the consequences thereof within a reasonable period of time, the Buyer may give notice of the decision to terminate the Agreement to the Supplier, which termination shall be effective forthwith or as from the date indicated by the Buyer.

**Section 8.2. Termination by the Supplier**

The Supplier may terminate the Agreement upon occurrence of any of the events described in this Section 8.2 only.

***8.2.1. Termination by reason of Default***

In the event the Buyer fails to meet his obligations under the Agreement and does not rectify such failure within fifteen (15) calendar days of receipt of the written notice thereof from the Supplier, the Supplier may also give written notice of the decision to terminate the Agreement, which termination shall be effective forthwith or as from the date designated by the Supplier in the termination notice.

**Section 8.3. Effects of Termination by the Buyer**

In the event that the Buyer terminates this Agreement under Section 8.1.3. or Section 8.1.4. and provided that any claim of the Buyer arising from the Supplier's default is pending, the Supplier shall not be entitled to receive any payment and shall indemnify and hold the Buyer harmless from and against such damages as the Buyer may have sustained or may sustain as a consequence of and/or arising from the event that gave rise to termination of the Agreement.

**Section 8.4. Effects of Termination by the Supplier**

In the event that the Supplier terminates this Agreement under Section 8.2, the Buyer shall refund all the direct costs and expenses the Supplier may have incurred or may incur related to the manufacture of the good, that shall be duly justified. s

**Section 8.5. Information returned to the Buyer**

Upon termination of the Agreement, the Supplier shall return the Buyer all the designs, drawings, manuals, specifications, whether in hardcopy and/or softcopy and/or in other

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

documents, including any copies and/or excerpts thereof furnished by the Buyer under this Agreement.

**Section 8.6. Provisions and obligations surviving Termination**

The settlement, expiration or early termination of the Agreement shall not release the Parties from their obligation to comply with the provisions and obligations that, because of their nature, survive such settlement, expiration or early termination, including the resolution of disputes, the guarantees, the recourses, the indemnity obligations, the duty of confidentiality and the right of setoff.

**ARTICLE 9. ASSIGNMENT; SUBCONTRACTORS**

**Section 9.1. Assignment by Supplier**

The Supplier shall not assign this Agreement in full or in part nor any right or obligation hereunder, nor shall the Supplier use this Agreement as a guarantee of payment, whether primarily or secondarily, without the prior written consent of the Buyer. Any assignment of the Agreement in violation of the provisions stated herein shall be null and void. The Buyer's consent to the assignment of the Agreement shall not exclude the Buyer from execute any right of setoff the Buyer may be entitled to.

**Section 9.2. Assignment by Buyer**

The Buyer shall not fully or partly assign this Agreement nor any right or obligation hereunder, without the prior written consent of the Supplier, except in the case of full or partial assignment to an Affiliate, in which case the assignment shall be valid and effective as from notice thereof by the Buyer to the Supplier and, unless the Supplier accepts to release the Buyer in this latter case, the Buyer shall continue to be responsible for the obligations contained in the Agreement.

**Section 9.3. Subcontractors**

The Supplier shall not fully or partly subcontract or sublease his obligations under the Agreement without the prior written consent of the Buyer. In the event that the Buyer gives his consent to the performance by a third party of any of the Supplier's obligations under this Agreement, such authorization shall not release the Supplier from the obligations under the Agreement. The Buyer may limit the authorization to the subcontractor's performance of an agreement between the Supplier and the Buyer guaranteeing to the Buyer the right to sue the subcontractor in order to ensure performance of the subcontractor's obligations. The Buyer may deny, at his sole discretion, the authorization to accept the participation of subcontractors.

**ARTICLE 10. MISCELLANEOUS PROVISIONS**

**Section 10.1. Right of Compensation**

Any failure to meet the obligations of the Supplier under this Agreement or under any other contract and/or agreement with the Buyer and/or any of his Affiliates shall entitle the Buyer to

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

compensate any amount due by the Buyer against any amounts receivable by the Supplier from the Buyer, regardless of the currency and/or amount involved, even if the Buyer has not yet made any claim whatsoever against the Supplier for the amounts due. The Buyer agrees to give prompt notice of any compensation the Buyer has made against the Supplier's receivables; however, failure to give such notice shall not affect the validity of the compensation so performed. The rights arising from this Section shall not exclude the enforcement of any other right, remedy and/or action that the Buyer may have under the Agreement and/or Applicable Law.

**Section 10.2. Publicity - Confidentiality**

The Supplier shall not make any announcement, statement and/or publicity in relation to this Agreement and/or the obligations of the Parties set forth herein and/or relating to the Goods when the Goods have been manufactured specially for the Buyer, except with the Buyer's prior written consent.

The Supplier further undertakes not to disclose or instruct his personnel to disclose any aspect of the Agreement or of the documents which make part hereof.

**Section 10.3. Information Accuracy**

The Supplier represents and warrants the Buyer that, as of the Agreement Date, all the information that has been provided to the Buyer in relation to his technical expertise and financial status to perform the Agreement is accurate. Breach of this obligation shall entitle the Buyer to terminate the Agreement under Section 8.1.2.

**Section 10.4. Entire Agreement**

The Agreement (including all its parts and Exhibits) is the entire agreement between the Parties and substitutes and/or replaces any other prior oral or written negotiations, arrangements or understandings between the Parties related to the subject matter of the Agreement.

**Section 10.5. Changes and Amendments**

The Agreement shall not be amended except by written agreement between the Parties. Any amendments made by the Supplier through the acceptance of an offer, the issuance of Invoices or Debit Notes or by any other means used by the Supplier shall not be valid or effective.

**Section 10.6. Waiver**

The failure of any of the Parties to claim strict compliance with any of the terms of the Agreement shall not be deemed as a waiver of the right to claim strict performance and compliance with any of the terms and conditions of the Agreement, except in the case of written waivers .

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS****Section 10.7. Notices**

The required or authorized notices under the Agreement shall be written and shall be valid and effective if delivered in person, sent by facsimile (including evidence of facsimile receipt by the recipient) or sent by certified mail with advice of receipt (airmailed for international notices). In either case, the notice shall be addressed to the domicile and/or sent to the facsimile number indicated in the Order for such purpose. Any of the Parties may change his domicile and/or the contact or representative to which the notices shall be sent by giving written notice thereof to the other Party. Except as otherwise provided for in the Agreement, notices shall be deemed as given on the date stated on the evidence of receipt by the Party to whom the notices have been addressed.

**Section 10.8. Applicable Law**

The Agreement shall be governed by the laws of the Argentine Republic and the Parties may not enforce the principles of private International Law.

**Section 10.9. Dispute Resolution*****10.9.1. Amicable Settlement***

In the event that, during the effective term of the Agreement or after termination thereof, any disputes, controversies, claims or differences relating to or resulting from the Agreement arise (including any issues about its existence, validity, termination, breach or enforceability), the Parties shall make an effort to solve any such issues in good faith within 60 days, period of time which can be extended in case of an agreement between de Parties.

***10.9.2 Jurisdiction and Competence***

In case disagreements or disputes could not be solved by the means and in the period of time stated in 10.9.1, Parties agree to submit to the Jurisdiction of the Ordinary Courts in Buenos Aires City, or the Government Body which in the future replaces them, expressly quitting to any other jurisdiction or Code of Law

**Section 11. Severability**

In the event that any provision contained in the Agreement is invalidated or unenforceable in any jurisdiction, the other provisions shall remain in full effect provided, however, that the purpose of the Agreement could still be met. In such case, the Parties shall make such amendments as may be necessary to replace such provision by another provision the purpose of which shall be as similar as possible to the provision so replaced.

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS****EXHIBIT I  
DEFINITIONS**

“**Affiliate**” means, in relation to a Party, any person who, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with such Party. For purposes of this definition, “control” means the power to appoint the majority of the members of the board of directors or equivalent body of a person.

“**Agreement**” means the buy/sell agreement subject to the conditions of the Order and the provisions contained in the foregoing General Conditions Document and related Exhibits, and any Amendments made from time to time in accordance with the provisions of these General Conditions.

“**Good/s**” means (a) the goods that meet the Specifications and that are described in the Order to be supplied by the Supplier under the Agreement, (b) all the components, materials, pieces and spare parts to be added thereto, (c) all the materials, supplies, packaging, drawings, data, manuals, documentation required, (d) all the designs performed as part of the Agreement, and (e) all the services associated with the supply, including shipment and testing.

“**Buyer**” means Transportadora de Gas del Sur S.A. (TGS).

“**Applicable Provisions**” means the provisions contained in the foregoing General Conditions Document, the Order and Exhibits thereto, which constitutes a single document, including such amendments as may be made from time to time in accordance with these General Conditions.

“**Act of God or Force Majeure Event**” means any Act of God or Force Majeure event according to the meaning provided for in Article 1730 of the Argentine Civil and Commercial Code”.

“**Specifications**” means the specifications of the Goods as described in the Order and any data, requirements and quality standards stated therein.

“**Agreement Date**” means (i) the date on which the Buyer receives evidence of acceptance from the Supplier or (ii) the expiration of the period stated in Agreement in paragraph “Acceptance and validity” in case there is not any remarks, o (iii) in case there is any remark to the Agreement the date the Parties agreed and then take place the acceptance of the Agreement.

“**Delivery Date**” shall occur on the date stated in the Order or as indicated by the Buyer in writing.

“**Performance Bond**” means the [bank’s guarantee] [surety bond] [Performance Bond] stipulated in Section 4.8.1.

**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

“**Replacement Performance Bond**” means the [bank’s guarantee] [surety bond] [Performance Bond] stipulated in Section 4.8.2.

“**Applicable Law**” means all Federal and/or Provincial Laws and decrees, ordinances, resolutions and municipal provisions, and the resolutions or regulatory orders in effect in the Argentina Republic as of the effective date of the Agreement.

“**Delivery Place**” means the place stated in the Order to which the Supplier shall send the Goods to the Buyer, as appropriate.

“**Place of Export**” means the place stated in Section I of the Order from which the Supplier shall send the Goods to the Buyer, as appropriate.

“**Party**” means the Buyer or the Supplier.

“**Parties**” mean the Buyer and the Supplier.

“**Order**” means the Specifications and/or Particular Conditions that are part of the Agreement and are stated in the Agreement.

“**Supplier**” means the person identified as seller in the Order.



**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

**EXHIBIT II**

**SPECIMEN STANDBY LETTER OF CREDIT**

**IRREVOCABLE STANDBY LETTER OF CREDIT FOR  
ADVANCE PAYMENT**

We do hereby establish in favor of Transportadora de Gas del Sur S.A.(hereinafter called TGS) an Irrevocable Standby Letter of Credit No. \_\_\_\_\_, in the amount of U.S. \$ \_\_\_\_\_ (again in words), payable by your draft drawn on us accompanied by:

1. TGS' statement, signed by an authorized representative of your company, that failed to deliver the equipment in accordance with the terms of Purchase Order No. \_\_\_\_\_ .
2. A copy of TGS' Bank's advice of credit or check (s), indicating payment to \_\_\_\_\_ showing an amount paid which is equal or -greater than the amount of your draw under this letter of credit.

The liability of the undersigned Bank shall become effective upon the advance payment by Transportadora de Gas del Sur S.A. to \_\_\_\_\_ in the amount of U.S.\$ \_\_\_\_\_ (again in writing) pursuant to the Purchase Order No. \_\_\_\_\_ and shall remain in full force until the earlier of the following events whereupon, such liability shall terminate :

- a) When \_\_\_\_\_ has delivered equipment to TGS in total accordance with the Purchase Order No. \_\_\_\_\_, or
- b) When the Bank has paid to TGS the maximum amount for which it is liable hereunder, or
- c) (Date) (the final delivery date specified in the Order + 90 (ninety) days).

Except as otherwise expressly stated herein, this credit is subject to the Uniform Customs and Practice for Documentary Credits (Last Revised Edition), International Chamber of Commerce, Brochure No. 500.

We hereby agree that demands for payment in accordance with the terms stipulated herein will be duly honored without any further requirement of protest after submission of documents as specified in # 1. and 2. if issued to us no later than \_\_\_\_\_ (the final delivery date specified in the Order + 90 (ninety) days), on which date this credit expires.

Any reference to contract or purchase order is for identification purposes only, and is neither incorporated in nor made a part of this credit.



**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS****EXHIBIT III****SPECIMEN PERFORMANCE BOND****(Based on bank's Letter of Guarantee)**

TO:

Dear Sirs,

We refer to the Agreement, Purchase Order No. \_\_\_\_\_ ("the Agreement") signed on (DATE)

By this letter we, the undersigned, (NAME OF THE BANK), a Bank organized under the laws of (COUNTRY OR STATE) and having its registered / principal office at (MAIN BANK ADDRESS) do hereby jointly and severally with the Vendor irrevocably guarantee payment to you up to the sum of (CURRENCY AND AMOUNT), equivalent to ten per cent (10%) of the Purchase Order Price until 12 (twelve) months of the TGS' declaration of start up of goods supplied under said Purchase Order, or 18 (eighteen) months from delivery, whichever be the lesser. (THIS PART HAS TO BE CONSISTENT WITH 5<sup>TH</sup> PARAGRAPH)

Any demand for payment by you shall:

- (i) be by letter or facsimile;
  - (ii) refer to the number and date of this Letter of Guarantee;
  - (iii) state the amount for which payment is demanded;
  - (iv) state the name of the bank and account number to which payment is to be made;
- and
- (v) be signed by the any person authorized by you in writing.

This first demand Letter of Guarantee constitutes an unconditional and irrevocable direct obligation of this bank which is separate and independent of the Agreement, including the Contractor's/Supplier's obligations under the Agreement. Notwithstanding any alteration or change of the Agreement, or the early termination of the Agreement, or in the extent or nature of the Project (as defined in the Agreement), or of the conditions of performance under the Agreement, or of the financial condition or otherwise of the Contractor/Supplier (including, without limitation, bankruptcy or liquidation), none of which shall constitute novation, and notwithstanding any contestation or objection or the commencement of any legal or other proceedings brought by any person or entity whatsoever (including the Contractor/Supplier) to prevent, delay or in any way hamper or stop payment of any amount including those related to the non-compliance of any obligation you may demand from time to time in accordance with the terms hereof, and notwithstanding any other circumstance which might hinder



**GENERAL CONDITIONS OF CONTRACT  
FOR THE SUPPLY OF GOODS**

prompt enforcement of this Letter of Guarantee, and without any need or requirement for you to have first provided proof or demanded payment of the amount or amounts in question by the Contractor, we shall comply with our payment obligations hereunder, without any of the above events, circumstances or provisions justifying any delay in the performance of our obligations or constituting an exoneration, discharge or any release thereof.

This Letter of Guarantee shall be valid from the date of issue until nineteen (19) months after the date of Final Acceptance of TGS Facility or, where the Facility is to be accepted in parts, nineteen (19) months after the date of Final Acceptance of the last part or (HERE ALSO A DATE IN THE NEIGHBOURHOOD OF 20 MONTHS date), whichever comes first, but in any event, no later than (HERE MUST BE A DATE LATER THAN THE PREVIOUS ONE) unless extended.

This Letter of Guarantee shall be returned to us immediately after its expiry and no claim may be made hereunder after such expiry or after the aggregate of the sums paid by us to you shall equal the sum guaranteed hereunder, whichever is the earlier.

All notices to be given hereunder shall be given by registered (airmail) post to the addressee at the address herein set out or as otherwise advised by and between the parties hereto.

We hereby agree that any part of the Agreement may be amended, renewed, extended, modified, compromised, released or discharged by mutual agreement between you and the Contractor, and this security may be exchanged or surrendered without in any way impairing or affecting our liabilities hereunder without notice to us and without the necessity for any additional endorsement, consent or guarantee by us, provided, however, that the sum guaranteed shall not be increased or decreased.

No action, event or condition which by any applicable law should operate to discharge us from liability hereunder shall have any effect and we hereby waive any right we may have to apply such law so that in all respects our liability hereunder shall be irrevocable and, except as stated herein, unconditional in all respects.

Capitalized words and phrases used herein shall have the same meanings as are ascribed to them in the Agreement.

Yours truly,

Name of the Bank  
Authorized Signature