Chapter 1 General Provisions

Article 1 (Purpose) The purpose of these regulations is to set forth matters pertaining to contracts related to the purchase of goods, outsourcing construction, manufacturing and services, sale of property, leasing and renting, and repair by Pohang University of Science and Technology (hereinafter referred to as “POSTECH”). (Amended September 1, 2013)

Article 2 (Application Scope) ① In processing work related to contracts, except stipulated separately by related laws, these regulations shall be compiled. (Amended September 1, 2013)
② Details including process and work processing standards shall be stipulated separately.
③ Any contract matters not set forth in these regulations shall be determined by the head of the relevant purchasing department upon discussion with the relevant department with taking the benefit of POSTECH as the primary consideration. (Amended September 1, 2013)

Article 3 (Duties and Responsibilities of the Person in Charge of Contracts) ① Contracts shall be entered into accordance with the parties’ agreement on an equal footing and shall always be processed fairly and based on facts in accordance with the principle of trust and good faith.
② The person in charge of contracts shall apply the most appropriate purchasing method that suits the characteristics of the relevant purchased goods in order to secure purchasing efficiency and economy and shall makes efforts to develop new purchasing techniques.
③ The person in charge of contracts shall comply with the relevant laws and regulations at POSTECH, and while saving total costs by developing various purchasing strategies, shall simultaneously promote the optimum supply base through supplier performance evaluation and seek means of joint development with suppliers. (Amended September 1, 2013)
④ The person in charge of contracts shall not engage in any act of retaliation against suppliers such as ceasing business or imposing unreasonable sanctions for the suppliers’ reporting of unfair transactions, negotiating for subcontract transaction-related dispute mediation and or raising concerns to contract provisions. (Established September 1, 2013)
⑤ The person in charge of contracts may request in writing from the supplier technical references such as purpose, confidential matters, considerations, technology names and scope, date of request, etc. (Established September 1, 2013)
⑥ Although the person in charge of contracts shall not request technical references from suppliers for the purpose of reviewing prices, but in the event of unavoidable circumstances, he or she may distribute a request in writing setting forth the reason for the request, confidentiality, ownership of rights, scope, considerations, etc. and shall take responsibility for using it for any other purposes. (Established September 1, 2013)
Article 4 (Contract Methods and Procedures) ① In terms of means of contracts, there shall be general competition contracts, limited competition contracts, nominated competition contracts, and private contracts.

② The person in charge of contracts shall review the most favorable purchasing strategies for POSTECH such as volume concentration, total cost reduction, supply base expansion, specification improvements, process improvements and ease of Sourcing Group, and research and determine the optimal contracting method and procedure (bidding or negotiation) through negotiations with the relevant departments (technical department and user department). (Amended September 1, 2013)

③ The person in charge of contracts shall pursue negotiations and contracts along with the determined methods and procedures. (Amended September 1, 2013)

Chapter 2 Purchasing Method Procedure

Section 1 General Competition Contracts

Article 5 (Eligibility to Participate in General Competition Bidding) Those who seek to participate in general competition contracts shall meet the following eligibility requirements:
1. They shall own or lease the facility or store necessary for the target of the relevant contract.
2. They shall have the relevant eligibility requirements, such as permit, approval, and license as required by relevant laws and regulations.
3. In the event an examination of security requirements is needed, including security measurement, they shall complete the examination by the related institution.
4. They shall receive the business registration certificate regarding the relevant project.
5. Those who wish to participate in or enter into foreign capital competition contracts shall meet the eligibility requirements set forth in the Korean Foreign Trade Act. Provided, however, this shall not apply to foreign suppliers, manufacturers or domestic and foreign consortiums participating in or entering into competition contracts.

Article 6 (Exclusion from Application of General Competition Bidding Eligibility Requirements) In any of the following cases, the documentary verification of the eligibility requirements of participants in competition contracts shall not be required:
1. When it is a contract with the government, government offices, government-invested institutions, local self-governing organizations, school corporations, public corporations, POSCO, corporations funded by POSCO, POSTECH, or corporations funded by POSCO education foundation.
2. (Deleted September 1, 2013)

Section 2 Limited Competition Contracts

Article 7 (Standards for Limited Competition) ① Participants shall be placed in competition against one another by limiting their eligibility, by the conditions as shown below:
1. Construction that requires special technology or engineering techniques
2. Manufacturing of goods that requires a special facility or technology
3. Purchasing goods that requires a special performance or quality
4. When limiting participants to those who have main places of business in cities or provinces where oversee construction sites or places of delivery
5. When entering into contracts with suppliers who have a transaction record with POSTECH
The eligibility of those participating in limited competition contracts shall be determined adequately in consideration of the difficulty of contract implementation, size of contract, and the current supply and demand situations. (Established September 1, 2013)

Section 3 Nominated Competition Contracts

Article 8 (Standards for Nominated Competition Contracts) Nominated competition contracts shall be entered into any of the following circumstances:
1. When the purpose of the contracts cannot be accomplished without a person with a special facility, technology, materials, goods or performance due to the project’s characteristics or objectives.
2. When seeking to enter into a construction contract with a company with a construction record or one that is currently undertaking construction with POSTECH.
3. When seeking to enter into a contract with a supplier registered per sourcing group. Provided, however, that any outstanding suppliers recommended by the front office or purchasing department shall be included. (Established September 1, 2013)
4. When seeking to enter into a contract preferentially with the suppliers registered to POSTECH.
5. When entering into a construction contract with a company that has an area that oversees a construction site as the main place of business.
6. When manufacturing or purchasing goods or services with mining and manufacturing specifications labels permitted pursuant to Articles 15 and 16 of the Korean Industrial Standardization Act or goods that have been accepted or rated in accordance with the Quality Control and Safety Management of Industrial Products Act.
7. When, due to purpose and characteristics of the contract, contracting through nomination is favorable to POSTECH.

Article 9 (Standards for Nomination for Nominated Competition Contracts) In the event of nominating participants to nominated competition contracts, the fairness in such nomination shall be ensured based on the following standards:
1. Construction
   a. Those companies with an abundant credit and performance record as well as good management conditions shall be nominated; provided, however, that in the event special equipment and technology is needed, those that have them shall be nominated.
   b. In nomination competitions pursuant to Article 8, Subparagraph 2, those companies with a construction performance record with POSTECH or currently undertaking construction for POSTECH shall be nominated.
2. Manufacturing of goods and others.
   a. In the event of nomination competition pursuant to Article 8, Subparagraph 1, those who have appropriate equipment, technology, materials, goods or performance records shall be nominated.
   b. In the event of a permit or approval by a relevant agency is necessary in implementing the contract in accordance with regulations, those who have received such permit or approval shall be nominated.

Section 4 Private Contracts

Article 10 (Standards for Private Contracts Implementation) Private contracts shall be entered into any of the following circumstances:
1. In the event of the following where, due to the service, and facility of a particular person or position, structure, or quality in light of characteristics and purpose of the contract, competition is not possible.
   a. Construction
1. Due to the difficulties of liability distinction for a future facility's defects, contracting with the preceding or current builder.

2. Due to such work-related confusion, two or more businesses cannot be assigned to the same work site; contracting with the current builder.

3. Construction is operated in a special area where competition is in fact impossible.

4. Construction is conducted by patented construction methods in which the competition is in fact impossible.

5. When contracting with the previous builder for the construction on the finishing stage.

6. When the business that has manufactured and supplied the relevant goods installs or assembles such goods.

7. When entering into a construction contract with a business that has its main place of business in an area that oversees the construction site.

b. Manufacture and purchase of goods

1. When manufacturing or purchasing patented goods, utility model registered products, or registered designs.

2. When the manufacturer of the relevant goods or the possessor of such goods is an individual.

3. When purchasing parts for an already adopted foreign facility or equipment for which replacements cannot be found in Korea.

4. When a competitive estimates document cannot be obtained under the agency consignment contracts.

c. Services and others

1. Services such as academic research, design, supervision, investigation, measurement, testing, verification, training, and facility management, which require the technology of certain people.

2. When purchasing real estate such as land, or buildings or renting or leasing property.

2. When there are no base conditions for competition due to causes such as acts of god, recovery from unexpected accidents, emergent events or other comparable events.

3. Constructions whose design cost is KRW 100 million or less (KRW 70 million in the case of professional construction, KRW 50 million in the case of electricity construction, information communication construction and fire prevention construction). (Amended September 1, 2013)

4. Regarding contracts for manufacturing, purchasing, and servicing goods, and other contracts, if the expected price (based on an annual or total contract amount for rent or lease) is KRW 30 million or less (in the case of foreign capital based contracts, USD $30,000). (Amended September 1, 2013)

5. When contracting with the government, autonomous entities, and government investment organizations.

6. When contracting with a company that has expert knowledge and specialized technology for the relevant educational and research facilities and requires to build a strategic relationship based on the provision of professional engineering knowledge for the relevant educational and research facilities.

7. When purchasing or renting goods of directly manufactured by an autonomous entity, other public entity, or public corporation (i.e., nonprofit organization established pursuant to the Korean Civil Act whose objective is for the benefit of all persons), from the entities or corporation, or when having them manufacture, sell or lease goods.

8. When it is deemed unfavorable to place into competition in terms of unloading, transport or storage of goods.

9. When purchasing goods that have been manufactured by a small and medium company pursuant to the Korean Act of Small and Medium Enterprises Promotion, and have obtained quality certification in accordance with the government institutions and related laws.

10. When purchasing or renting goods directly manufactured by a welfare factory in a rehabilitation
village designated by the Minister of Patriots and Veterans Affairs or when having them manufacture, sell or rent goods.

11. When manufacturing the developed goods to promote Korean manufactured goods.

12. When purchasing the goods of a particular professional company is substantially more favorable to the school to guarantee its quality.

13. When purchasing goods supplied by an outstanding supplier pursuant to the Korean “Supplier Relationship Management Guidelines” or purchasing the similar goods. (Established September 1, 2013)

14. Except the Subparagraphs 1 to 12, when entering into private contracts is unavoidable due to the purpose or characteristics of the contracts.

Article 11 (Private Contracts Resulted from Failed Bidding) In the event there are no bidders or winning bidder, private contracts shall be entered into without any changes to the conditions for the initial bid (with the exception of the term). Provided, however, if unavoidable due to POSTECH’s emergent circumstances, a contract shall be entered into with the lowest bidder and the estimates provider by adjusting the estimated price within the range of lowest bid or lowest estimated prices.

Article 12 (Non-implementation of Contract with Winning Bidder and Private Contracts) If the winning bidder does not enter into or do cancel a contract by failing to start implementing the contract within a certain time after concluding the contract, a private contract shall be entered into with another party without changing the bidding conditions (except the time period) at the initial bidding, within the range of the winning bid. Provided, however, if unavoidable due to POSTECH’s emergent circumstances, a contract shall be entered into with the lowest bidder and the estimates provider by adjusting the estimated price within the range of lowest bid or lowest estimated prices. (Amended September 1, 2013)

Article 13 (Divided Private Contracts) Private contracts resulting from failure in bidding or non-implementation of a contract by a winning bidder, shall be entered into by dividing the estimated price or winning bid for a couple of persons within the prices or the range of prices (only for the condition that such price or amount can be calculated into divisions). Provided, however, that in unavoidable circumstances, a contract shall be entered into with the lowest bidder and the estimates provider by adjusting the estimated price within the range of lowest bid or lowest estimated prices. (Established September 1, 2013)

Article 14 (Private Contracts for Continuous Construction) For continuous private contracts implementing with the preceding builder, the contract amount after the relevant construction shall not exceed the amount derived by multiplying the design amount by the ratio between the first construction design amount and the contract amount. Provided, however, that this shall not apply when the first contract among the following constructions is a private contract. (Established September 1, 2013)

Section 5 Special Contracts

Article 15 (Long-Term Contracts) In the event a contract needs to be continued for many years or requires many years for performance, long-term contracts shall be implemented.

Article 16 (Unit Price Contracts) In the event a contract is needed for manufacture, repair, processing, purchase of goods, sales, supply, use, or service (including such as design, supervision, measurement, investigation, and testing) for the implementation of the contract, such contracts shall be entered for its unit prices.

Article 17 (Contract Implementation in Case of Emergency) ① In the event the purpose of a contract may not be accomplished in accordance with the procedures set forth in these regulations, a contract shall be implemented by predetermining the contract party upon the approval of the head of relevant purchasing department.

② In case of Clause 1, such matters as a purpose of contract, a predetermined contracting party, a time period of contract implementation, an estimated price determination method, and a means
of payment of consideration, shall be clearly set forth and the evidentiary documents therefor shall be attached.

**Article 18 (Joint Contracts)** ① When needed for the construction and the purchase of facilities, joint subcontracts with two or more contracting parties shall be entered into.

② When producing a contract paper in accordance with Clause 1, the contract shall be formed when all parties to the contract sign or seal the contract.

**Article 19 (Comprehensive Contracts, Implementation Design and Construction Bidding)** ① When necessary, comprehensive contracts or implementation design and construction bidding shall be entered into for a construction.

② Comprehensive bidding shall mean a comprehensive bidding for design and building in which the drawings for the construction or drawings and documents necessary for other constructions are submitted along with the bidding application at the time of bidding in accordance with the basic plans and regulations.

③ Implementation design and construction bidding shall mean the bidding in which the implementation drawing and drawings and documents necessary for other constructions are completed and submitted along with the bidding application at the time of bidding in accordance with the basic plans and regulations.

### Chapter 3 Purchasing Procedures

#### Section 1 Procedure Based on Negotiation

**Article 20 (Review of Time Required)** ① The person in charge of contracts shall promptly process the purchasing work to meet the required deadlines for each purchase, unless there are any special circumstances.

② In the event the procurement is deemed as difficult to meet the deadline, the person in charge of contracts shall inform the reason to the requesting department and adjust the time required period through a discussion with the department, with the consideration of the supply market condition.

**Article 21 (Public Notice)** The bidding public notice under Article 28 of the current regulation shall be applied.

**Article 22 (Request and Submission for Estimates)** ① The person in charge of contracts shall obtain at least two or more estimates with the same conditions for a price survey. Provided, however, a single estimate can be applied to private contracts.

② The person in charge of contracts may request estimates by including not only the price, but also non-price elements such as quality, delivery date, and added services.

③ If needed, the person in charge of contracts may submit the estimates and related documents via electronic communication, telegram, and FAX.

④ The estimates shall be regarded as effective only if submitted by the designated date. Provided, however, that late submissions may be accepted if approved in advance.

**Article 23 (Review of Price and Non-price Elements)** ① The person in charge of contracts shall review prices by considering each of the followings:

1. In the event an appropriate transaction has been formed, then the actual price of such transaction; if the price is restricted by law, then such restricted price.

2. When there is no adequate actual transaction price due to the special characteristics of
contracts such as those for newly developed products, special products with a unique specification, construction, services, and collaboration work, then the products' unit price computed from the cost calculation.

3. When Subparagraphs 1 or 2 cannot be applied, then the appraised price (the price appraised by the institution that performs appraisal work in accordance with the law), actual price for similar transactions, or estimated prices.

4. In the case of construction, the price of actual construction costs accumulated based on projects already performed as accepted by the head of the relevant department.

5. The previous actual transaction prices of POSTECH.

② When reviewing the price in accordance with each Subparagraph of Clause 1, such elements as the quantity of contracts, difficulty in performance, advantages and disadvantages in performance, supply and demand status, conditions of contracts, and others shall be considered.

③ The person in charge of contracts shall select elements favorable to POSTECH with regard to non-price elements in supplier's estimates that may be evaluated under the same conditions and incorporate them into contract negotiations.

Article 24 (Selection of Candidate Suppliers) ① The person in charge of contracts may select outstanding suppliers as preferred candidates based on "Supplier Evaluation Management Guidelines" in order to prevent excessive competitive and participation by substandard suppliers. In the event there are no candidate suppliers, a candidate supplier for contract negotiation may be selected form among those that have submitted estimates. (Amended September 1, 2013)

② When selecting a candidate supplier in accordance with Clause 1, it shall be done by setting an evaluation criteria taking into account the submitted estimates (price and non-price elements) and creditworthiness.

Article 25 (Contract Negotiation) ① The person in charge of contracts undertakes contract negotiation by setting POSTECH's negotiation criteria for the price, and when necessary, the non-price elements.

② After the first contract negotiation, if there is no supplier that accepts POSTECH's negotiation criteria, renegotiation may take place by adjusting POSTECH's negotiation criteria.

③ When product quality and related supply conditions are similar and contract negotiation is undertaken solely based on price, contract negotiation shall take place only with those suppliers who submitted the lowest estimates.

④ When necessary, the person in charge of contracts may allow the user department and technical departments to participate in the contract negotiations for the technical review of purchased goods.

Article 26 (Selection of Contractors) ① The supplier that accepts the most favorable negotiation terms for POSTECH after contract negotiations shall be selected as contractor.

② When, in light of the nature of the purchased goods, it is deemed that contract performance by a sole supplier is inappropriate or that it is necessary for POSTECH to select two or more suppliers, then two or more suppliers may be selected.

③ When there are multiple suppliers that have submitted or accepted conditions that are most favorable to POSTECH, renegotiation shall take place to procure the most advantage for POSTECH.

④ If the estimated price submitted by an outstanding supplier in accordance with “Supplier Evaluation Management Guidelines” is equal to or less than the estimated price or budget, then a contract may be implemented without separate negotiation with other suppliers. (Established
Section 2 Procedures for Bidding

Article 27 (Purpose of Bidding Procedure) ① The bidding shall proceed in accordance with predetermined bidding rules and an electronic bidding (including an electronic estimate bidding system), following the instructions provided on screens, as the basic bidding method whereby the estimated price or bidding progress is not disclosed. (Amended September 1, 2013)

② In the case of a reverse auction whereby the initial bid price and the bidding progress are being disclosed and the bids by the bidders are getting lowered, it may be selected and proceeded as the bidding method only for standardized products that the initial bid price is 20 million KRW or less, in light of the fact that the reverse bidding procedure is favorable to POSTECH.

Article 28 (Bidding Public Notice) ① The public notice schedule for bidding (including information about a site and product specifications) shall be provided through electronic communication media or other means within the range that the bid participants may sufficiently understand beforehand. Provided, however, this shall not apply to the case of emergency or repeat bidding. (Established September 1, 2013)

② When limiting eligibility criteria for participation, such limitations shall be disclosed in the public notice. 

③ When providing public notice for bidding, the following Subparagraphs shall be disclosed:

1. The goods, specification, and quantity of goods
2. Matters regarding the participation eligibility requirements
3. Bid application deadline and date and place of bidding
4. Place and date for information session (only for the case that information is needed for bidding)

Article 29 (Application for Bidding Participation) ① Those who wish to participate in bidding shall submit the following bid participation application documents by the deadline. (Amended September 1, 2013)

1. Documents evidencing qualification
2. Other documents requested in public notice

② The person in charge of contracts shall review the contents of bid applications and accept them. Moreover, the matters that needs to be confirmed can be verified or investigated by the person.

③ Provided, however, that the bid application documents may be waived for suppliers registered in the sourcing group, those businesses with prior businesses with POSTECH, or in electronic estimate bidding notwithstanding Clause 1. (Amended September 1, 2013)

Article 30 (Approval of General Instructions, provisions, and drawings to Bidders) In biddings, the bid participants shall be made aware of general instructions, general contract provisions, special provisions in the relevant contract, and construction drawings (in case of electronic bidding, electronic commercial transaction contracts may be included), and only those who approve them shall be allowed to participate in the bidding. (Amended September 1, 2013)

Article 31 (Estimated Price Draft) ① The person in charge of contracts may draft a estimated price in accordance with specifications and drawings as to the matters to be set forth in bidding. In the case of sealed bids, such estimated prices shall be sealed and be prevented from being disclosed. Provided, however, that when needed for private contracts, collaborative works and annual unit price contracts, this may be omitted or be replaced with a price review statement.

② In principle, there shall be no estimated price for foreign capital purchases, and shall be drafted only if the bidding is clearly validated.

Article 32 (Determination Method of Estimated Price) The estimated price shall be determined for
the total amount of the matters to be contracted. Provided, however, that the estimated price for contracts for manufacture, repair, processing, sale, supply and use that need to be continued for a certain period shall be determined for such unit price.

**Article 33 (Standards for Estimated Price Determination)**

1. The estimated price shall be determined based on Clauses 1 and 2 of Article 23.

2. The actual transaction price under Subparagraph 1, Clause 1, Article 23 shall be based on the following criteria:
   1. The actual transaction price shall be the price verified by the person in charge of contracts upon directly verifying two or more actual transactions of the relevant goods. Provided, however, that in the event the actual transaction cannot be verified from two or more businesses, then the actual transaction price of a single business.
   2. The appraisal price shall be the price appraised by the person who does appraisal in accordance with the law.
   3. A similar actual transaction price shall be the actual transaction price of goods with similar functions and usage.
   4. The estimated price shall be the estimated price directly acquired from the contracting party or third party.

3. When determining the estimated price in accordance with the cost calculation under Subparagraph 2, Clause 1 of Article 23, the following matters shall be made clear in the estimated price record:
   1. Cost of materials: The amount of materials and prices per unit required for the manufacture or construction of the target object of contracts.
   2. Cost of labor: The amount of labor and its details required for the manufacture or construction of the target object of contracts.
   3. Expenses: The quantity per item and price per unit required for manufacture or construction of the target object of contracts.
   4. General management fee: The expenses of general management fee ratio multiply by the sum of costs of materials, labor, and expenses.
   5. Profit: The expenses of profit rate multiply by the sum of costs of labor, expenses and general maintenance fee.

**Article 34 (Competition Bidding Formation)**

Competition bidding shall be formed by effective bids by at least two parties. Provided, however, that in the case of two or more suppliers bidding, if only one party is bidding, then if the bid price is below the estimated price and may be deemed as an effective bid and be declared as a winning bid. (Amended September 1, 2013)

**Article 35 (Bidding Method)**

1. Those who wish to participate in bidding shall submit a bid application or an estimate statement as determined by POSTECH to the person in charge of contracts. In case of electronic bidding, the bidding means of determining the winning bidder shall be stipulated separately by POSTECH.

2. In the event a power of attorney is submitted prior to the bidding, the agent may also participate in the relevant bid. In case of electronic bidding, participation is possible through the automatic bidding feature (proxy) provided by POSTECH in a form of electronic technology.

3. Upon receipt of bid applications or estimates, the person shall stamp a confirmation, seal, and maintain them without opening until bid start time.

4. For sealed bids, there shall be one bid application (or estimate statement for bids) for one applicant.

5. When there is no winning bidder, bidding may be repeated at the bidding place without any limit to the number of repeats.
When deemed necessary in light of a contract’s characteristics, bids may be submitted separately for specifications and prices. The contracting department may request from the ordering department a technical review as to the specifications.

The contracting department may request repeated reviews in the event there is a concern as to the technical review under Clause 6.

**Article 36 (Bidding Method of Construction)**

① When seeking to place a construction under a bid, information must be provided in advance of the bidding or opening of the bids. Provided, however, that this shall not apply when it is deemed that it is not necessary in light of the characteristics of the contract.

② Regarding the information of construction under Clause 1, access to drawings necessary for the bidder to calculate the bid amount and construction (such as drawing plans, construction specifications, construction quantity calculation statement, and site information) shall be provided to bidders.

③ The construction costs calculation statement drafted by the contractor when entering into construction contracts shall not be required to bidders when POSTECH issues the contract details electronically.

④ Drawing changes and settlement work shall be processed in accordance with the contract details in the preceding clause.

**Article 37 (Bid Opening)**

① The bid opening shall take place at the time and place where the bidders are present. Provided, however, in case of electronic bidding, this shall take place electronically pursuant to a procedure set in advance through the designated electronic system.

② The bidder may not exchange, amend or cancel the submitted bid application.

③ As for foreign capital equipment purchases, the person in charge of contracts shall not, in principle, open or declare the contents of bids in the presence of the bidder.

**Article 38 (Determination Method of Winning Bidder)**

① In competition contracts that serve as the cause of income, when a estimated price has been drafted, the bidder with the highest price over the estimated price shall be the winning bidder; in the case that a estimated price has not been drafted, the bidder with the highest price shall be the winning bidder.

② In competition contracts that serve as a cause for expenses, if a estimated price has been drafted, the lowest price below the estimated price shall be the winning bidder; if a estimated price has not been drafted, the bidder with the lowest price shall be the winning bidder. Provided, however, that in construction contracts, winning bidders shall be determined based on a separate adequate price bid system in order to prevent dumping. In such an event, if the bidder with the lowest price is determined as inadequate, such bidder shall not be the winning bidder. This shall apply the same for the event of the bidders with the next-lowest prices.

③ Notwithstanding the previous provision, if deemed necessary the bidder with the most economic price, with the consideration of the bid price, quality, performance and efficiency, shall be the winning bidder.

④ In the absence of a winning bidder, bids may take place without limit as to the number of bids. (Amended September 1, 2013)

**Article 39 (Winning Bidders Determination)**

① In the event bids are received by the designated time, it shall be declared that no further bids will be accepted and be opened in front of the bidders. Provided, however, in case of electronic bidding, this shall be done electronically in accordance with the predetermined procedure through the designated electronic system.
② The person in charge of contracts shall verify the opened bid applications and upon comparison of the bid amounts in effective bid applications and the estimated price, declare the most qualifying person as the winning bidder. Provided, however, that in the case of electronic bidding, this shall be done electronically in accordance with the predetermined procedure through the designated electronic system. In the event there is a problem in the determination of the most qualified person, the question of the winning bidder may be deferred.

③ In the event there are two or more winning bidders with the same winning bid price, the winning bidder shall be determined immediately through a draw. Provided, however, in the case of electronic bidding, it may be determined through the automatic bid system (Proxy).

Article 40 (Public Re-notice) ① In the event it is difficult to determine a winning bidder for relevant purchase contracts, a repeat public notice shall be issued and the estimated price is adjustable for the repeat public notice.

② In case of electronic estimate bids or the repeat public notice bid being conducted following the first bids, if it is clear that there is only one person with the bid qualifications, private contracts may be used immediately following failed bids.

Article 41 (Reasons for Ineffective Bids) ① In the event one of the following applies, such bid shall be declared void:

1. Bids by those without eligibility
2. Two or more bid applications submitted by the same person for the same bid
3. Other bids determined by POSTECH as ineffective.

② In the event of invalidating a bid, the reason for it shall be made known and convey such message in front of the bidder. Provided, however, in case of electronic bidding, this shall take place electronically through a pre-set procedure through a designated electronic system.

Chapter 4 Contracts and Post-management

Article 42 (Contracts Preparation) ① When entering into contracts, the contract shall clearly set forth a purpose, contract amount, contract implementation period, contract deposit, liability for risk, penalty for delay, and other necessary matters. Provided, however, that when entering into electronic contracts, the contracts may be written in an electronic format using the designated electronic bidding system.

② When drafting contracts pursuant to Clause 1, the contracts shall be finalized with being sealed. Provided, however, if there are special circumstances, this may be replaced by signatures. Also, in the event of implementing electronic contracts, the contract shall be finalized when both parties place electronic signatures in the electronic contracts.

③ The person in charge of contracts may omit the drafting of contracts in the following cases below. In such cases, documents that can be accepted as the basis for a contract such as an invoice, undertaking, agreement or consent shall be obtained in writing and retained. Provided, however, that electronic documents may be retained in an electronic format.

1. If the amount of the contract is 10 million or less.
2. When it is placed in an auction
3. For sales of goods, when the buyer immediately pays for the goods and takes the products
4. When the drafting of a contract is not necessary, such as contracts for electricity, gas, water supply, consumable experimental products (MRO goods), etc. (Amended September 1, 2013)

④ Foreign capital purchase contracts shall be replaced with purchase orders in principle. Provided, however, that if the head of a department determines that it is a special circumstance for facilities
or of corresponding importance, the parties shall enter into contracts.

5. In the event a contract has been transmitted by email or fax for the convenience of the other party, it shall be deemed that a contract has been concluded.

**Article 43 (Contract Deposit)** ① The person in charge of contracts shall cause the other party to pay a contract deposit when entering into the contract. Provided, however, that in the event there are special circumstances as determined by POSTECH, all or some of the contract deposit may be waived.

② The deposit under Clause 1 shall not be less than 10% of the contract amount and may be paid in the form of cash, (include postal certificate, or bank checks), guarantee insurance certificate, listed securities, guarantees by banks and mutual aid associations.

③ In the event of conducting unit price contracts, when a contract is performed in multiple installments, 10% or more of the product of the greatest quantity and unit price for each installment may be requested to be paid as the contract deposit. (Amended September 1, 2013)

④ In the event the contract amount is increased as a result of such a design change and fluctuation in the price of goods, the corresponding additional amount of the deposit shall be required to be paid.

⑤ When postponing the implementation date or performance of a contract, the contract partner shall be required to submit a guarantee insurance certificate that sets as a guarantee period the period that includes the extended period.

⑥ If the contract partner fails to perform the contractual obligations or the forfeiture of the deposit has been triggered, the relevant deposit shall be forfeited in favor of POSTECH.

⑦ The deposit under Clause 1 shall be immediately returned upon accomplishing the objective of the guarantee.

**Article 44 (Waiver of Contract Deposit)** ① The contract deposit may be waived in the following circumstances:

1. Government, autonomous entities, government investment agency, and other public company.
2. Those who have a prior contracting history with POSTECH and those who have not been deemed ineligible to participate in POSTECH's bids, or those for whom at least three years have elapsed since last ineligibility.
3. If the contract amount is 50 million won or less. (Amended September 1, 2013)
4. POSCO or entities invested in by POSCO, POSTECH or entities invested in by the POSCO Educational Foundation.
5. In cases where it is generally deemed fair and reasonable and where the assessment of a deposit is not appropriate in light of contractual customs.

② In the event the deposit is waived in accordance with Clause 1, if there is a cause for forfeiture in favor of POSTECH, the contract partner shall be required to submit an undertaking of performance promising such deposit payment in cash.

**Article 45 (Repair and Maintenance Deposit)** ① In construction subcontracting contracts, in order to guarantee the repair and maintenance by the contract partner, a repair and maintenance deposit shall be required. Provided, however, that in the event the repair and maintenance deposit is deemed unnecessary, this shall not apply.

② The repair and maintenance deposit shall be required to be paid by the time consideration for construction is paid following the relevant completion inspection of the relevant construction and shall be maintained during the defect warranty period.

③ For facility purchase contracts requiring a performance warranty after the completion of
installation, the repair and maintenance deposit to guarantee performance and quality shall be paid after the final delivery as consideration therefor. In such an event, the repair and maintenance deposit shall not be less than 10% of the contract amount.

4. The repair and maintenance warranty period of the above Clause 3, shall expire 24 months from the final delivery date or 12 months from the final inspection completion date, whichever occurs sooner. Provided, however, that if the final inspection is delayed for 12 months or more due to causes attributable to the contract partner, an additional payment for the relevant repair and maintenance deposit shall be paid.

5. The repair and maintenance deposit method, ownership, extension of warranty period and waiver of repair and maintenance deposit shall be in compliance with the contract deposit mutatis mutandis.

Article 46 (Repair and Maintenance Deposit Rate) When entering into construction contracts, the repair and maintenance deposit rate shall be determined in accordance with the following. Provided, however, that in the event of mixed construction, the repair and maintenance deposit rate shall be determined based on the main construction type. (Amended September 1, 2013)

1. Construction of major structures and landscape construction: 5% or more.
2. Construction of roads (including paved construction), water and sewer pipes, pipelines, rivers, telegraph and telephone, general construction, electronic communication: at least 3%
3. Construction of designated places and other small constructions: at least 2%

Article 47 (Direct Use of Repair and Maintenance Deposit) ① If a defect occurs and there is no or lack of budget to repair it, the repair and maintenance deposit shall be directly used for the relevant repair and maintenance.

② In the event of Clause 1, it shall be deemed that the repair and maintenance deposit belongs to POSTECH.

Article 48 (Defect Warranty Period) ① When entering into construction contracts, the warranty periods shall be determined in accordance with the following construction types. Provided, however, that in the event of mixed constructions where the responsibility for defects is hard to determine among different construction types, the warranty period shall be determined based on the main construction type. (Established September 1, 2013)

1. Construction pursuant to the Korean Framework Act on the Construction Industry
   a. Railways, harbors, breakwaters, erosion or land reclamation
      (1) Reinforced concrete or steel structure: 7 years
      (2) Facilities other than the above “(1)”: 5 years
   b. Water and sewage
      (1) Reinforced concrete or steel structure: 7 years
      (2) Pipeline burial or equipment installation: 3 years
   c. Roads, non-designated place, landscape facility or landscape planting: 2 years
   d. Other civil constructions: 1 year
   e. Construction
      (1) Large scale construction’s columns or internal wall: 10 years
      (2) Large scale construction’s columns or internal wall of large-scale construction, major structures other than columns, internal walls or major structures other than “(1)”: 5 years
      (3) Of construction of parts other than “③” or “②” and professional construction in the below “f”: 1 year
   f. Professional construction
      (1) Interior design, paint, plaster or tile, windows and doors manufacturing or installation: 1 year
(2) Earthwork construction, stone construction or masonry, iron and metal hardware (excluding the steel in “e”): 2 years
(3) Plumbing, common entrance, underground water reserve, cooling and heating system, heating, venting and air conditioning system (HVAC), ventilation, automatic control, gas or arrangement facility: 2 years
(4) Elevator or lifting device or equipment: 3 years
(5) Waterproofing, roofing or sheet metal, reinforced concrete (excluding reinforced concrete in “e”): 3 years
(6) Facilities inside the building other than “(3)” or “(4)”: 2 years

2. Electrical construction pursuant to the Korean Electrical Construction Business Act
   a. Tunnel-type, excavation-type, electric power transmission equipment construction (underground)
      (1) Reinforced concrete or steel structure: 10 years
      (2) Facilities other than “(1)”: 5 years
   b. Power transmission and distribution construction (underground)
      (1) Power transmission line construction: 3 years
      (2) Power distribution line construction: 2 years
   c. Construction of steel tower with at least 154KW capacity: 3 years
   d. Substation equipment (power facility and equipment installation construction): 3 years
   e. Power transmission construction: 2 years
   f. Other electrical construction: 1 year

3. Electricity communication construction pursuant to the Korean Telecommunications Work Business Act, and fire prevention construction pursuant to Korean Fire-fighting Act: 1 year

4. Other small constructions: 1 year

② If a construction contract for other than the construction types in Clause 1 is entered into, the relevant defect warranty period shall be in accordance with the defect warranty period under the relevant laws. (Established September 1, 2013)

Article 49 (Adjustment of Contract Amount Due to Design Change) ① If the amount of construction increases or decreases in construction contracts due to such design changes, the relevant contract amount shall be adjusted and the reason for reduction, standards, quantity of targeted goods, amount of reduction, and means of amount reduction shall be notified in writing, and the burden of proof shall lie with the party contracting out. (Amended September 1, 2013)

② The adjustment as to the contract amount under Clause 1 shall be in accordance with the following criteria:
1. The unit price for the increased and reduced construction quantity shall be the unit price on the calculation statement submitted at the time of contract implementation (hereinafter referred to as “contract unit price”). Provided, however, that in the case the contract unit price is greater than the unit price based on the estimated price (hereinafter referred to as “estimated unit price”) and the quantity is increasing, the unit price applicable to the increased quantity shall be the estimated unit price. However, the unit price applicable to the increased quantity in the event POSTECH requests a design change shall be determined through a discussion between POSTECH and the contracting party, within the range of the amount derived by multiplying the unit price calculated as of the time of the design change and the bid success rate.
2. The unit price of a new item without a contract unit price shall be the amount derived by multiplying by the bid success rate (the bid success rate refers to the ratio between the initial estimated price and contract amount). Provided, however, that if POSTECH requests a design change, the unit price shall be determined through a discussion between POSTECH and the
contracting party, within the range of the amount derived by multiplying the unit price calculated as of the time of the design change and the bid success rate.

3. In the case of Clause 1, if it is deemed that such savings in construction costs and reductions in construction time will be substantial by a contract partner using new technology or construction methods, necessary design changes shall be made. In such an event, the contract amount shall not be reduced.

4. In the event of the need to adjust the contract unit price without an increase or decrease of the changes in contract conditions aside from the fluctuation in the price of goods set forth in Article 50, such changes may be made without exceeding the actual costs in accordance with such changes.

5. The general maintenance fee and profits as to the portion of increase or decrease in the contract amount shall be taken into account pursuant to the general maintenance ratio or profit rate in the calculation statement submitted at the time of contract implementation.

Article 50 (Adjustment of Contract Amount Due to Fluctuations in the Price of Goods) In the event of a drastic change in the contract amount after 90 days from the implementation of the contract due to the increase or decrease in the price of raw materials by 5% of the contract amount as compared to the estimated price at the time of contract implementation, the adjustment of contract amount may be applied for. Discussions shall begin within 10 days from the adjustment application date, and the contract amount may be adjusted within 30 days upon mutual discussion. (Amended September 1, 2013)

Article 51 (Adjustment of Other Subcontracting Proceeds) ① The original contractor shall not reduce the amount of subcontracting proceeds that were determined at the time manufacture, etc., was commissioned. Provided, however, that when reducing the amount of subcontracting proceeds for causes determined by the Korean Subcontracting Act, a document that sets forth the cause for reduction and standards shall be notified in advance to the relevant contractor. (Established September 1, 2013)

② Within 15 days from the date the contract amount was increased or decreased by the party ordering work due to a design change, or economic circumstances such as changes in prices, the reason for the increase or decrease in amount from the party ordering work shall be advised in advance to the relevant contractor. (Established September 1, 2013)

Article 52 (Auction) ① When deemed necessary for the sale of personal property, it shall be placed in an auction.

② In the event of an auction under Clause 1, the estimated price shall be submitted to participate, and after the initial bid price is verbally announced, bids are taken until there is no other respondent, and the bidder of the price shall be determined as the winning bidder.

Article 53 (Delay Penalty) ① The delay penalty shall be calculated by multiplying the amount of compensation rate as to the contract amount by the number of days of delay. Provided, however, that the maximum penalty of the delay penalty shall not exceed 10% of the contract amount subject to the delay penalty calculation. Provided, however, that the compensation rate and the maximum amount of foreign capital purchased facilities and equipment shall be stipulated separately in foreign capital purchase general contract regulations.

1. 0.15% of manufacture and purchase of goods
2. 0.1% of facility construction
3. 0.25% of services and others
4. 0.5% of transportation and storage

② If POSTECH receives completed parts or delivered parts under Clause 1, the amount corresponding to such part shall be deducted. Provided, however, that the acceptance of completed or delivered parts shall be limited to only such completed or delivered parts that could
be divided due to their characteristics.

③ If the performance of a contract is deemed to have been delayed as a result of a cause not attributable to the contract partner, the delay penalty for the relevant days shall be waived.

④ If the cause of the delay penalty under Clause 1 has occurred and the amount reaches to a considerable amount of contract deposit (including the waived contract deposit), the relevant contract shall be cancelled or terminated unless there are special circumstances.

Article 54 (Limitation of Bidding and Negotiation by a Supplier who is Unjustified and Not Diligent) ① In the event the contract partner or the person seeking to participate in POSTECH’s purchasing contracts engages in unjust or unreliable conduct, the purchaser may limit their eligibility to participate in bidding and negotiation for a certain period of time, and the time limitation for bidding and negotiation may be applied differently from the time of such fact depending on the unjust and unreliable act. Provided, however, that when engaging in bidding and negotiation with a supplier that has been subjected to bidding restrictions for unavoidable causes, approval from at least the head of purchasing shall be obtained.

② If the party that has been subjected to limitations on eligibility pursuant to the preceding Clause is a corporate entity or other organization, then the preceding provision shall be applied to their representative mutatis mutandis, and if it is a small and medium company or cooperative, then to the member who directly provided the cause. Provided, however, that if there are multiple representatives, this provision shall not apply to the representative who did not oversee the relevant bidding or contracts.

③ In the event that the representative whose eligibility is limited pursuant to Clauses 1 and 2 is exploited to participate in the bidding part, such user shall also be restricted from participating in the capacity of participant in the relevant bidding or as an agent of another entity.

④ In continuous contracts in which a private contract may be entered into with the preceding builder, those who do not implement such private contract shall not participate in the competitive bidding related to the relevant construction.

Article 55 (Supervision and Inspection) ① In the event construction, manufacture or other outsourcing contracts have been entered into, and if deemed necessary to secure the appropriate implementation of such contracts, it shall be supervised through contracts, drawings and other related documents.

② If the contract partner has completed the performance of the contract implementation, it shall be verified through a contract, drawings, and other related documents. The same shall apply in the event that some or all of the compensation for the completed or delivered parts is paid in accordance with the contract prior to the completion or full delivery.

③ When a construction completion report has been received with regard to facility construction, the completion inspection shall be completed within 10 days, absent any special circumstances.

④ In particular, when expert knowledge or technology are required or if the supervision or inspection pursuant to Clauses 1 and 2 is not possible due to other unavoidable causes, necessary supervision or inspection may be required by designating an expert agency.

⑤ Those who supervise or inspect pursuant to Clauses 1 and 2 shall draft a supervision record or inspection record.

Article 56 (Consideration) ① As to contracts for construction, manufacture, purchase or any other contracts with expenses, compensation therefore shall not be paid without first completing the inspection pursuant to Clause 2 of Article 55. After the inspection record has been drafted, consideration shall be paid in accordance therewith.
As to contracts that are the causes of sale of assets, loans, provision of services, or other income, the contract partner shall be required to pay such consideration to POSTECH simultaneously with the contracts. Provided, however, that if the contract partner is a government investment agency or financial institution, or has submitted a payment guarantee in an amount exceeding the predetermined amount of compensation in which the actual amount of compensation was added pursuant to the Korean Banking Act as a payment guarantor, the advance payment of consideration may be waived.

Article 57 (Deposit Procedure Pursuant to Guarantee Insurance) In the event a bank payment guarantee, performance bond, or construction mutual aid association guarantee (hereinafter referred to as “Guarantee Insurance, etc.”) are submitted as a deposit, the following shall be made to be stated and be verified:
1. The name of the insured shall be POSTECH.
2. The amount of the deposit shall be at least the amount that should be paid.
3. The guarantee commencement date of the Guarantee Insurance, etc. which are submitted in lieu of a contract deposit and differential deposit shall be prior to the commencement date of the contract period of a contract to be entered into with POSTECH’s guarantee contractor. The completion date shall be after the completion of the contract period.
4. The guarantee period of Guarantee Insurance, etc. submitted in lieu of a repair and maintenance deposit shall be from the day of the completion inspection until after the completion of the repair and maintenance warranty period.

Chapter 5 Special Case for Small Amount Purchases

Article 58 (Small Amount Purchase System) A small amount purchase shall not be pursuant to the purchase method and procedure set forth in these regulations. This refers to the system where the purchase requesting party directly makes the purchase.

Article 59 (Implementation Standard) If any of the followings apply, small purchase contracts shall be applied. Provided, however, that this small purchase shall be undertaken under the responsibility and authority of the purchase ordering department (in case of research costs, the principal researcher).
1. In the case of emergencies and unexpected events
2. Simple manufactured goods
3. When local purchase is necessary
4. Items excluded from small amount purchase: construction contracts, furniture and goods bought in large quantities, unit price contracts (provided that eNtoB E-catalog items, Sigma Aldrich reagents and MRO goods are allowed) (Amended September 1, 2013)

Article 60 (Limitation of Small Amount Purchases) ① The range of permitted small amount contracts under Article 59 shall be as follows:
1. Purchase limit
   a. Domestic capital purchases: KRW 3 million or less per purchase
   b. Foreign capital purchases: USD $3,000 or less per purchase
2. Method of settlement
   a. Domestic capital purchases: Tax invoices (or credit card receipts) shall be attached to a purchase settlement form and slip and be submitted to the relevant department.
   b. Foreign capital purchases
      (1) Proceeds for goods and attendant costs: Related evidence such as overseas wire transfers, etc. shall be attached to draft the slip and submitted to the relevant department for further estimation and settlement.
      (2) If the relevant goods are exempt from customs tax, the relevant department shall be
asked for a customs clearance, and the original copy of the import report shall be submitted to the relevant department.

② Despite subparagraph 1 of Clause 1, an emergency purchase is required with limitation to the research fees (excluding those of an asset nature) or if the need is clear, (for improving research efficiency and enhancing economic values) small purchases with a maximum of KRW 10 million shall be applied upon the approval of the head professor and the head of the independent profit institution. (Amended September 1, 2013)

Article 61 (Notes for Small Amount Purchases) ① When making small amount purchases, the related parties shall make their best efforts so as to ensure that they do not have unwanted adverse effects on POSTECH’s purchasing culture and order.

② If there are businesses engaging in inappropriate transactions, POSTECH may stop transactions with the relevant business.

③ Any matter not set forth herein shall be provided in separate small amount purchase management guidelines.

Chapter 6 Special Case for Foreign Capital Purchase

Article 62 (Foreign Capital Purchase System) "Foreign capital" shall refer to goods and services purchased from overseas using an overseas payment method as set forth in the Korean Foreign Exchange Transactions Act. Provided, however, that it shall also include the goods and services purchased from a foreign capital supplier who supply domestic or overseas consortium or domestic capital goods by paying in KRW.

Article 63 (Estimate Requests and Receipts) ① For a facility purchase, with the intention to implement nominated competition or private contracts, the person in charge of contracts shall request a submission of estimates by taking into consideration the comments from the ordering department and facility supplier.

② For equipment and material purchase, with the intention to implement nominated competition or private contracts, the estimates shall be requested from the manufacturer, supplier or domestic trade agency.

③ If there are two or more bidders, one bidder may submit two ore more manufacturer’s estimates.

Article 64 (Estimate Condition Change) ① When it is deemed favorable to POSTECH in contract negotiations, the content in the estimate that does not comply with public notice conditions shall be requested to be withdrawn or amended.

② In contract negotiations, if the received estimate has contents that are more favorable than the conditions in the public notice, such estimate shall be adopted and the relevant contract shall be entered into.

③ As to competitive bidding, the following documents shall be additionally received and accepted within the assumption that they are favorable to POSTECH and do not affect the bid amount ranking.

1. Bid application and extension of effective date of bid deposit.
2. Shortening of delivery date.
3. Other matters requested by POSTECH to verify.

Article 65 (Contract and Defect Deposit Payment) ① The person in charge of foreign capital contracts shall ensure that the counterparty pays a contract deposit for equipment and facilities purchase, at least 10% of the contract amount, in cash or a payment method recognized by POSTECH.
Regarding equipment and facilities purchase in which a performance certificate is necessary after the completion of installation, a defect deposit that comprehensively guarantees the performances and defects shall be submitted. In such event, the defect deposit shall be at least 10% of the contract amount.

Article 66 (Delay Penalty) ① The person in charge of contracts shall cause the delay penalty to be paid in accordance with foreign capital purchase contracts, general contracts, or other separate contract conditions if the contract partner fails to ship the goods within the shipping period in the contract.

② In the event of delivery areas affected by acts of god or other force majeure events, the delay penalty shall be waived.

Article 67 (Contract Deposit, Defect Deposit and Waiver of Late Penalty) As to foreign capital purchases, in the following cases, the contract deposit, the defect deposit, and the delay penalty shall be waived or replaced with an undertaking to pay deposits:

1. When entering into a private contract with a manufacturer or facility supplier with an excellent credit rating
2. When entering into a contract whose contract amount is less than USD $30,000
3. When the contractor requests a waiver of contract deposit, defect deposit and delay penalty payment as a precondition for entering into the contract

Article 68 (Compliance with International Commercial Customs) When the person in charge of foreign capital contracts is unable to enter into a contract without accepting the international commercial customers or the contract conditions of counterparty, the contract shall be entered into in accordance with the international commercial customs or the contract partner’s demands

Chapter 7 Supplementary Rules

Article 69 (General Agreements) The general provisions for the following contracts shall be stipulated separately: Facility construction contracts; service contracts; goods purchase contracts; facility construction comprehensive contracts; contracts for sale of discarded items; and foreign capital purchase contracts.

Article 70 (Contracts Prior to Commencement of the Fiscal Year) ① As for contracts which cannot be stopped due to their nature of such leased vehicles, transportation, storage, or others, contracts shall be entered into in advance within the confirmed budget prior to the commencement of the fiscal year.

② The effectiveness of the contracts under Clause 1 shall begin after the commencement of the relevant fiscal year.

Addendum

1. These regulations are amended on December 19, 1994 and shall be applied retroactively from October 1, 1994.
2. Provided, however, that the amendment from the POSTECH provost to the president shall be effective from March 1, 1994.
Addendum

These regulations shall be amended and be effective from November 6, 1996.

Addendum

These regulations shall be amended and be effective from April 1, 1997.

Addendum

1. These regulations shall be amended and be effective from June 1, 2001.
2. (Interim measure) ① If a contract has been entered into or will be entered into with a person who has won a bid that was helped prior to the effective date of these regulations amendments, the prior version shall control.
   ② The documents and materials that arise from the contracts between POSTECH and a contract partner pursuant to these regulations may be exchanged through the value-added telecommunications network.
   ③ The documents and materials pursuant to Clause 2 shall be deemed to be the justified opinion of POSTECH and the contract partner.
   ④ As the detailed rules for foreign capital purchase contracts are integrated into these regulations, they shall be abrogated from the effective date of amendment of these regulations.

Addendum

These regulations shall be amended and be effective from May 1, 2012.

Addendum

These regulations are integrated with the contract detail rules, and amended and effective as of September 1, 2013.