

ELECTRO-MECHANICAL CORPORATION SALES TERMS & CONDITIONS

These terms shall control the sale of all products of Electro-Mechanical Corporation and its divisions: Federal Pacific Company, Federal Pacific Transformer Company, Line Power Manufacturing Corporation, Electric Motor Repair and Sales, and PRJ (herein collectively "The Seller"). Purchaser's order is expressly subject hereto, and Purchaser accepts these Terms and Conditions which may not be changed except in writing signed by an authorized official of the Seller. Additional or different terms in any documents or communication from Purchaser are objected to by Seller and shall not be effective unless expressly agreed to in writing by an authorized official of Seller.

Warranties: Seller warrants that the product(s) to be delivered will be of the kind and quality described in its quotation and that Purchaser shall take good and merchantable title. Services rendered shall be performed in a workmanlike manner and shall comply with industry standards and/or customer specifications. No other warranties, express, or implied, shall arise from this transaction. If a deviation from the specifications in the quotation appears within the warranty period, the Purchaser shall notify the Seller immediately. Upon notice and confirmation of the defect, Seller agrees to remedy, F.O.B. factory, all such defects by repair or replacement of the defective parts without charge. The warranty shall not cover "in and out" charges, which shall remain the responsibility of the Purchaser.

THIS WARRANTY SHALL BE IN LIEU OF ALL OTHER WARRANTIES OF ANY SORT, EXPRESS OR IMPLIED, NOTWITHSTANDING ANY PURPORTED TERMS PRINTED ON ANY DOCUMENTS PREPARED BY PURCHASER IN CONNECTION WITH THE SALE.

The warranty shall not apply to, and Seller shall bear no responsibility for, any product:

- 1) that has been subject to accident, negligence or misuse, including the effects of transient voltage or attempts to operate the product above rated capacity;
- 2) that has not been properly installed; or
- 3) that has been the subject of repairs or modifications accomplished by other than the Seller's factory representative.

This warranty shall extend for a period of twenty-four (24) months from date of shipment for pad-mounted switchgear and twelve (12) years from shipment for stock low voltage transformers. For all other products, it shall extend for a twelve (12) month period from the date of shipment. The warranty shall apply to products and parts manufactured or repaired by the Seller. Products which Seller furnishes, but does not manufacture, carry only the warranty of the original manufacturer of such products. Where other manufacturers' or suppliers' products used in Seller's products prove defective, Seller's liability shall exist only to the extent that Seller is able to recover for the defect from such manufacturers or suppliers.

Compliance with Standards and Regulations: The Seller's products, as built, are intended to comply with ANSI and NEMA standards, MSHA regulations, and other Federal laws and regulations as each may apply to the respective product(s). Seller is willing to comply with other local, state and foreign laws, regulations or standards that may be deemed applicable to the respective products, but will only accept this responsibility upon written notification from Purchaser, prior to order acceptance, of the existence and requirements of such laws, regulations, or standards and written acceptance from an authorized official of Seller setting forth the conditions, if any, for such compliance.

Limitation of Liability: Seller's liability for any claim of any kind shall not exceed the purchase price of the product(s) furnished or the purchase price of the portion of such product(s) which gives rise to the claim. In no event shall the Seller be liable for special, indirect, incidental, or consequential damages, including, but not limited to, loss of profits or revenue; loss of use of equipment or any associated equipment; cost of capital; cost of substitute equipment, facilities or services; or lost value added to the product(s) after receipt and acceptance by the customer.

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UNDER NO CIRCUMSTANCES SHALL SELLER BEAR RESPONSIBILITY FOR ANY PENALTIES OR LIQUIDATED DAMAGES UNLESS THAT LIABILITY SHALL BE ACCEPTED IN WRITING THAT MAKES SPECIFIC REFERENCE TO THE TRANSACTION CONTEMPLATED, THAT ITEMIZES THE EXTENT OF THE PENALTY OR LIQUIDATED DAMAGES TO BE ACCEPTED, AND THAT IS SIGNED BY AN AUTHORIZED OFFICIAL OF THE SELLER. NOTWITHSTANDING THE EXISTENCE OF SUCH AN AGREEMENT ON LIQUIDATED DAMAGES, THE FORCE MAJEURE PROVISIONS OF THE FOLLOWING PARAGRAPH SHALL APPLY IN ALL EVENTS.

Seller shall have no responsibility for the cost of any repairs performed by persons other than a factory representative or such independent contractors as may be designated in writing in advance by an authorized official of the Seller.

Force Majeure: The Seller shall not be liable for loss, damage, detention and delay resulting from causes beyond its reasonable control or caused by fire, strike or other labor disturbances, civil or military authority, restrictions of any government or department, branch or representation thereof, insurrection or riot, embargoes, wrecks or delays in transportation, or inability to obtain necessary labor or materials due to failure of suppliers to perform or other causes beyond Seller's reasonable control. In the event of the occurrence of such events, extraordinary measures will be undertaken by Seller only upon Purchaser's written request and agreement to bear the extra expense incurred.

Seller reserves the right to furnish suitable substitutes which cannot be obtained for any of the causes set forth above.

Taxes: Prices as quoted are exclusive of all taxes which may relate in any way to the transaction. In addition to any price specified, Purchaser shall pay any present or future sales, use, excise, value added or similar tax applicable to the price, sale or delivery of any products furnished.

Cancellation: An order may only be terminated upon written consent of the Seller and payment of reasonable termination charges.

Pricing and Escalation Policies: Published prices are subject to change without notice. Quoted prices are firm for acceptance within thirty (30) days from the date of quotation, or such longer period as may be specified in the quotation, but may be withdrawn upon notice.

All catalog and quoted pricing shall be in U.S. Dollars.

If delay is requested beyond the normal delivery period, the price quoted shall escalate at the rate of 1-1/2% per month or prorata part of any month for the time of the delay. Orders amounting to less than \$100.00 net will be billed at \$100.00 PLUS TRANSPORTATION COSTS.

Prices quoted do not include costs of installation, training, start-up service, coordination, or other on-site services. Such items may be included or quoted separately upon request.

Payment/Credit Terms: Terms are net within thirty (30) days from date of invoice unless otherwise specifically agreed in writing. If, in the discretion of the Seller, the financial condition of the Purchaser does not justify the terms of payment specified, the Seller may require other conditions including but not limited to full or partial payment in advance. The product shall remain the personal property of the Seller until full payment is received. A late charge at the rate of one and one-half percent (1-1/2%) per month will be applicable to past due balances. If shipment is delayed by the Purchaser, the invoice shall issue when Seller is prepared to ship. In the event of default, the Purchaser shall be responsible for all collection costs and reasonable attorney's fees incurred by the Seller. If the Purchaser is not a corporation, the Homestead Exemption is hereby waived. Any disputed amount reflected on the invoice must be directed to the attention of: Controller, Electro-Mechanical Corporation, P.O. Box 8200, Bristol, VA 24203-8200. Payment of other than the exact amount invoiced shall not be deemed

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satisfaction unless authorized in writing by the Controller.

Delivery and Storage: Delivery shall be made F.O.B. point of shipment with freight prepaid and added to invoice unless otherwise specified in the quotation. Shipping dates in the quotation are approximate and are based upon prompt receipt of all necessary information from Purchaser. Any delay in receipt of complete information shall extend the delivery date for a reasonable time based on the condition of the factory.

Risk of loss or damage shall pass to Purchaser at delivery to the carrier. The Seller takes great care in packing its products and shall not be responsible for breakage or damage in transit after having received "in good order" receipts. Seller will, however, give assistance to Purchaser in any effort to secure a satisfactory adjustment of any claim.

Equipment on which manufacture or delivery is delayed due to any cause beyond Seller's control may be placed in storage by Seller for the Purchaser's account. All risk of loss, charges, and expenses in connection therewith shall be borne by purchaser. However, if in Seller's opinion, it is unable to obtain or continue with such storage, Purchaser will, upon notice, provide or arrange for suitable storage facilities and assume directly all costs and risk connected thereto.

Changes In Specifications: Changes or revisions from specifications upon which the quotation is issued shall be charged to and paid by the Purchaser at the Seller's applicable rates. The Seller's time for performance shall be extended to cover any additional design or production time necessitated by changes requested. Purchaser shall hold Seller harmless from any and all claims, liability, and damage arising from any such extension.

Returns: Products may be returned only with Seller's prior written consent. Only upon return, the material will be inspected and maximum possible credit — less allowance for freight, restocking, restoration to first-class condition, non-stock parts and obsolescence — will be allowed. Unauthorized returns shall remain the property of the Purchaser, and Seller shall have no responsibility for any loss or damage thereto.

Only unused transformers as currently manufactured which have been invoiced to the Purchaser within one (1) year prior will be considered for return. For all other products this return consideration period shall be ninety (90) days from invoice.

Seller reserves the right to refuse any material returned for credit if factory conditions warrant the refusal. Material built to order is not subject to return for credit.

Full credit including all transportation charges will be allowed on returns caused through the fault of the Seller.

General: All orders and contracts are subject to acceptance by Seller at its factory.

Seller reserves the right to correct all clerical and stenographical errors or omissions in quotations, acknowledgments, invoices, and other documents of sale.

Catalog-listed weights, dimensions, and other such specifications are approximate, subject to change without notice, and are not guaranteed.

Any controversy arising under this agreement shall be controlled by the law of the State of Virginia and the exclusive forum for the filing of any litigation shall be in the courts of the City of Bristol, Virginia.