

GENERAL TERMS AND CONDITIONS OF SALE

The Terms and Conditions of Sales set forth herein, and Supplements which may be attached hereto constitute the full and final expressions of the contract for equipment or services as described in the quotation (hereinafter referred to as Equipment) between PEMCO Corporation (dba: AMR PEMCO) (hereinafter referred to as Seller) and the Buyer and supersedes all prior quotations, purchase orders, correspondence or communications whether written or oral between the Seller and the Buyer. Notwithstanding any contrary language in the Buyer's purchase order or other acceptance. Buyer shall be bound by these Terms and Conditions of Sales when it returns a purchase order or otherwise indicates acceptance of this contract, or when it accepts delivery from Seller of the Equipment.

ACCEPTANCE OF THE CONTRACT IS EXPRESSLY LIMITED TO ACCEPTANCE OF THE TERMS AND CONDITIONS OF SALES STATED HEREIN AND ANY ADDITIONAL OR DIFFERENT TERMS PROPOSED BY BUYER ARE REJECTED UNLESS EXPRESSLY AGREED TO IN WRITING BY SELLER.

No contract shall exist except as herein provided. No statement, representation or warranty not contained herein shall be binding on the Seller unless made in writing by an officer or other authorized representative of the Seller. Prior dealing, usage of the trade or a course or performance shall not be relevant to determine the meaning of this agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection. Whenever a term defined by the Uniform Commercial Code is used herein, the definition contained in the Code shall apply.

1. Orders

All orders are subject to acceptance by an authorized representative at PEMCO Corporation (dba: AMR PEMCO), Bluefield, VA.

2. Warranty

Seller warrants that the equipment delivered by it will be of the kind and quality described in the order or contract and will be free of defects in workmanship and material. Should any failure to conform to this warranty appear within one year after date of initial energization, PEMCO Corporation (dba: AMR PEMCO) shall, upon prompt notification thereof and substantiation that the equipment has been stored, installed, operated and maintained in accordance with PEMCO Corporation (dba: AMR PEMCO) recommendations and standard industry practice, correct such nonconformities, at its option, either by repairing any defective part or parts or by supplying a repaired or replacement part or parts F.O.B. factory. The total warranty period shall not exceed eighteen (18) months from the date of shipment in any case. In no event, shall PEMCO Corporation (dba: AMR PEMCO) be responsible for providing working access to the defect, including the removal, disassembly, replacement or reinstallation of any equipment, materials or structures to the extent necessary to permit PEMCO Corporation (dba: AMR PEMCO) to perform its warranty obligations, or transportation costs to and from the Transformers factory or repair facility. The conditions of any tests shall be mutually agreed upon and PEMCO Corporation (dba: AMR PEMCO) shall be notified of, and may be present at, all tests that may be made.

The warranties set forth in this provision are exclusive and in lieu of all other warranties whether statutory, express or implied (including all warranties of merchantability and fitness for particular purpose and all warranties arising from course of dealing or usage of trade), except of title and against patent infringement. The remedies provided above are the Buyer's sole remedies for any failure of PEMCO Corporation (dba: AMR PEMCO) to comply with its obligations. Correction of any non-conformity in the manner and for the period of time provided above shall constitute complete fulfillment of all the liabilities of PEMCO Corporation (dba: AMR PEMCO) whether the claims of the Buyer are based in contract, in tort, (including negligence) or otherwise with respect to or arising out of the equipment furnished hereunder.

3. Limitations of Liability and Indemnities

- (a) Unless otherwise agreed in writing by a duly authorized representative of Seller, products sold hereunder are not intended for use in connection with any nuclear facility or activity. If so used, Seller disclaims all liability for any nuclear damage, injury or contamination, and Buyer shall indemnify Seller against any such liability, whether as a result of breach of contract, warranty, tort (including negligence) or otherwise.
- (b) In no event, whether as a result of breach of contract, warranty, tort (including negligence) or otherwise, shall Seller or its suppliers be liable for any special, consequential, incidental or penal damages including, but not limited to, loss of profit or revenues, loss of use of the products or any associated equipment, damage to associated equipment, cost of capital, cost of substitute products, facilities, services or replacement power, downtime costs, or claims of Buyer's customers for such damages. If Buyer transfers title to or leases the products sold hereunder to any third party, Buyer shall obtain from such third party a provision affording Seller and its suppliers the protection of the preceding sentence.
- (c) In no event, whether as a result of breach of contract, warranty, tort (including negligence) or otherwise shall Seller's liability to Buyer for any loss or damage, arising out of, or resulting from this agreement, or from its performance or breach, or from the products or services furnished hereunder, exceed the price of the specific product or service which gives rise to the claim. Except as to title, any such liability shall be terminated upon the expiration of the warranty period specified in Section entitled, "Warranty".
- (d) If Seller furnishes Buyer with advice or other assistance which concerns any product supplied hereunder or any system or equipment in which any such product may be installed and which is not required pursuant to this agreement, the furnishing of such advice or assistance will not subject Seller to any liability, whether in contract, warranty, tort (including negligence) or otherwise.
- (e) The invalidity, in whole or part, of any of the foregoing paragraphs will not affect remainder of such paragraph or any other paragraph in this article.

4. Penalty or Liquidated Damages

Contracts which include Penalty of Liquidated damage clauses for failure to meet shipping promises are not acceptable or binding on Seller unless such clauses are specifically accepted in writing by an officer of PEMCO Corporation (dba: AMR PEMCO).

5. Disclosure of Information

Any information, suggestions or ideas transmitted by Buyer to Seller in connection with performance hereunder are not to be regarded as secret or submitted in confidence except as may be otherwise provided in writing signed by a duly authorized representative of Seller.

6. Taxes

In addition to any price specified herein, Buyer shall pay the gross amount of any present or future sales, use, excise, value-added, or other similar tax applicable to the price, sale or delivery of any products or services furnished hereunder or to their use by Seller or Buyer, or Buyer shall furnish Seller with evidence of exemptions acceptable to the taxing authorities.

7. Modification, Cancellation, or Deferment by Purchaser

Orders or purchase contracts may be modified or canceled, and scheduled shipments may be deferred, only upon Buyer's written notice and upon confirmation
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by Seller's revised acknowledgement and upon terms, satisfactory to Seller, which compensate Seller for all damages suffered by reason of such modification, cancellation, or deferment. Any modification, cancellation, or deferment hereunder shall become effective no earlier than fifteen (15) days after receipt of such notice.

8. Drawing Approval

Drawing approval assures the Buyer that PEMCO Corporation (dba: AMR PEMCO) has designed the product as described and detailed in the Buyer's specification. If at drawing approval, PEMCO Corporation (dba: AMR PEMCO) has failed to design the product in line with the Buyer's specification, PEMCO Corporation (dba: AMR PEMCO) will make the appropriate changes at no charge to Buyer. Where Buyer's specifications are not definitive, PEMCO Corporation (dba: AMR PEMCO) reserves the right to design the product in line with, in PEMCO Corporation (dba: AMR PEMCO)' judgment, good commercial practice. If at drawing approval, the Buyer makes changes outside of the design as covered in his specifications, PEMCO Corporation (dba: AMR PEMCO) will then be reimbursed reasonable charges and allowed a commensurate delay in shipping date based on the changes involved.

9. Delivery, Shipment, Title and Risk of Loss

Delivery dates are approximate and are based upon prompt receipt of all necessary information from Buyer. All shipments are F. O. B. the place of shipment. Risk of loss or damage to the Equipment shall pass to Buyer at the F. O. B. point unless the Seller specifically, in writing, agrees otherwise.

10. Excusable Delays

Seller shall not be liable for delays in delivery or performance, or for failure to manufacture, deliver or perform, due to (I) a cause beyond its reasonable control, or (II) an act of God, act of Buyer, act of civil or military authority. Governmental priority, strike, or other Labor disturbance, flood, epidemic, war, riot, delay in transportation or car shortage, or (III) inability on account of a cause beyond the reasonable control of Seller to obtain necessary materials, components, services, or facilities. Seller will notify Buyer promptly of any material delay excused by this article and will specify the revised delivery date as soon as practicable. In the event of any such delay, there will be no termination and the date of delivery or of performance shall be extended for a period equal to the time lost by reason of the delay.

11. Payments and Financial Condition

Except to the extent otherwise specified by Seller in its quotation, pro rata payments shall become due without set off as shipments are made. If Seller consents to delay shipments after completion of any product, payment shall become due on the date when Seller is prepared to make shipment. In the event of any such delay, title shall pass and products shall be held at Buyer's risk and expense. Any order for products by Buyer shall constitute a representation that Buyer is solvent. In addition, upon Seller's request, Buyer will furnish a written representation concerning its solvency at any time prior to shipment.

If Buyer's financial condition at any time does not justify continuance of the work to be performed by Seller hereunder on the agreed terms of payment Seller may require full or partial payment in advance. In the event of Buyer's bankruptcy or insolvency or in the event any proceeding is brought against Buyer, voluntarily or involuntarily, under the bankruptcy or any insolvency laws, Seller shall be entitled to cancel any order then outstanding at any time during the period allowed for filing claims against the estate and shall receive reimbursement for its proper cancellation charges. Seller's rights under this article are in addition to all rights available to it at law or in equity.

12. Terms of Payment

Standard terms are net within thirty (30) days from date of invoice. Standard terms of payment for U. S. Government purchases for delivery within the continental United States are payment upon receipt of invoice.

13. Accelerated or Delayed Payments

There will be no reduction in price for payments more favorable to PEMCO Corporation (dba: AMR PEMCO) than the standard terms. If payments are not made in conformance with the standard terms, the quoted price shall, without prejudice to the right of PEMCO Corporation (dba: AMR PEMCO) to immediate payment, be increased by an amount equal to the lesser of one and one-half (1-1/2%) percent per month, or fraction thereof, on the unpaid balance or the highest legal rate allowed by law.

14. Prices

All published prices and discounts are subject to change without notice. Written quotations expire thirty (30) calendar days from the date of quotation unless withdrawn sooner. Verbal quotations expire twenty-four (24) hours after they are made. Seller assumes no liability for import duties or other taxes imposed by any foreign country.

15. Packaging

Seller's price includes the cost of standard packaging for shipment in the United States (except Alaska, Hawaii or Puerto Rico) or in the Dominion of Canada. Additional charges may be imposed for special domestic or overseas packaging of special making performed at Buyer's request and agreed to by Seller. The costs of such items are determinable only upon completion, and will appear as a separate item on Seller's invoice.

16. Weights and Dimensions

Published weights are actual or are careful estimates, but are not guaranteed. The dimensions in catalogs are normally accurate but are not to be used for construction.

17. Waiver

The failure of Seller to insist, in any one or more instances, upon the performance of any of the terms or conditions of this contract or the failure of Seller to exercise any of its rights hereunder shall not be construed as a waiver or relinquishment of any such term, condition, or right hereunder and shall not affect the Seller's right to insist on strict performance and compliance with regard to any unexcused portions of this contract or future performance of these terms and conditions.