

Terms of Sale

1. CONDITIONS OF SALE: The information contained herein covers all the important points in connection with the terms and conditions under which our Company's product is sold. Any modification or addition to these terms and conditions, unless specifically agreed to in writing by the Company, will not be recognized. Where the word "Company" is used, it designates Federal Pacific.

2. TERMS: Terms are net within thirty days from date of invoice. There are no cash discounts.

If, in the opinion of the Company, the financial condition of the purchaser at any time does not justify the continuance of production or shipment on the terms of payments specified, the Company may require full or partial payment in advance.

Any pro-rata payments become due as shipments are made.

If shipments are delayed by the purchaser, payment shall become due from the date when the company is prepared to make shipment.

3. QUOTATIONS: Quotations, written or verbal, are subject to the conditions of sale listed herein. Written quotations automatically expire fifteen calendar days from the date issued and are subject to withdrawal by notice within that period. Verbal quotations automatically expire twenty-four hours from the time issued. All prices in quotations are subject to the Company's applicable Price Adjustment Clause.

4. CHANGES: Prices and terms of sale are subject to change without notice.

5. PRICE CHANGES: In the event of a net price change, the price of equipment on order but unshipped, will be the price in effect on the date of shipment.

6. ACCEPTANCE OF ORDERS: All orders are subject to the approval at our executive office. All orders are accepted subject to the Company's terms, conditions and price provisions in effect at the time of the acceptance.

To the extent that these terms of sale are inconsistent with any provisions appearing upon any customer's orders these terms of sale shall govern. Any shipment requiring more than one hundred and eighty calendar days from the date of entry will require approval of a principal officer of the Company.

Distributor's orders calling for shipment of materials to a location outside the area normally served by the distributor, or to another wholesaler not on the company's approved distributor list will **NOT** be accepted.

7. MINIMUM BILLINGS: Orders amounting to less than \$100 net will be billed at \$100, PLUS TRANSPORTATION COST.

8. TRANSPORTATION ALLOWANCES: All of our products covered by this discount sheet are sold F. O. B. the Company's plants. For standard stock 500 volt class transformers, freight will be allowed to common carrier's free delivery points to all destinations in the continental United States, except Alaska, on shipments of equipment covered by these terms of sale of \$1000 net or over. In all cases where freight is prepaid, the Company reserves the right to select the method and route of movement and such payment of freight will be made only to destinations in the United States (excluding Alaska, Panama Canal, and all insular possessions).

Transportation charges absorbed by us will in no case be greater than the actual expense of transportation. No allowance will be made in lieu of freight or cartage if the purchaser accepts shipment at our factories or warehouses. If shipment is to be made on Government

Bill of Lading, our terms are F.O.B. factory or warehouse with no freight allowance. Medium Voltage and Custom 600V Class Transformers, F. O. B. Bristol, Virginia.

Railway Express — and air freight shipments — made at customer's request will be forwarded F.O.B. the Company's plants freight charges collect, and allowance made on the invoice based on the freight rate via rail or motor carrier and on actual weight of the shipment. No freight allowance will be made regardless of weight on parcel post or air parcel post or air express shipments.

9. DELIVERY: The Company will not pay or be liable for any penalty, either liquidated or otherwise, for late delivery or installation. Shipping dates are approximate and are dependent upon prompt receipt of all information necessary for the proper execution of the customer's order. In case there is any delay in furnishing complete information, the date of shipment may be extended for a reasonable time, based upon the condition at the factory. The Company shall not be liable for delay in delivery due to causes beyond its reasonable control, or due to acts of God, acts of the purchaser, fire, strikes, floods, epidemics, quarantine restrictions, war, insurrection or riots, civil or military authority, freight embargoes, car shortages, wrecks or delays in transportation, unusually severe weather or inability to obtain necessary labor, materials, or manufacturing facilities due to such causes.

10. ERRORS: All stenographic and clerical errors are subject to correction.

11. WEIGHTS: Catalog listed weights are estimated carefully, but they are not guaranteed.

12. TAXES: The amount of any present or future sales or any similar tax applicable to the apparatus sold under these terms or conditions shall be added to the price contained herein and paid by the purchaser in the same manner and with the same effect as if originally added hereto.

13. PENALTY CLAUSE: No penalty clause of any description, in any specific order, will be effective unless specifically approved in writing by a principal officer of the Company.

14. CANCELLATION: Once an order has been placed and accepted by the Company, it can be cancelled only with the Company's written consent and upon terms that will protect us against loss.

15. SUBSTITUTE MATERIAL: The Company shall have the right to furnish suitable substitutes for material which cannot be obtained because of priorities or regulations established by any federal, state or other governmental authority or because of non-availability of materials from suppliers.

16. DAMAGE CLAIMS: The Company takes great care in packing its products and it cannot be held responsible for breakage or damage in transit after having received "in good order" receipts from the transportation companies.

All Federal Pacific Transformer Co. products are shipped F.O.B. the Company's plant, regardless of transportation costs being prepaid or collect. The Company's responsibility ceases when it has made delivery to the carrier and received their signed bill of lading, at which time title to the merchandise shipped passes to the consignee. Therefore, all claims for all shortages, damage, breakage or delays must be made to the carrier by the consignee. The Company, however, will endeavor to assist its customers in every way to secure a satisfactory adjustment of claims. In cases of concealed damage, it is essential that such damage be reported to the delivering carrier within a period of one week or less and that a concealed damage report be obtained from the carrier.

17. RESPONSIBILITY: The Company is not responsible for damage to apparatus because of improper installations or through attempts to operate the equipment above its rated capacity, whether intentionally or accidentally. Under no circumstances will the Company be liable for loss of profits or other special damages.

18. WARRANTY: Federal Pacific Transformer Company warrants to the original purchaser to correct by repair, replacement or refund of original purchase price, at Federal Pacific's option, products manufactured and sold by the transformer division that may fail in service within the applicable period as set forth below, from the date of shipment provided however, that conditions of operation have been normal at all times, and that the equipment has not been subjected to abnormal stress from such causes as incorrect primary voltage or frequency, improper ventilation or improper use. This warranty is made on the condition that prompt notice of defect is given to Federal Pacific in writing within the warranty period, and that Federal Pacific's inspection reveals to its satisfaction that the original purchaser's claim is valid under the terms of this warranty. Federal Pacific's obligation under this warranty, which is in lieu of all other warranties, express or implied, including the implied warranty of fitness for a particular purpose and merchantability, is limited to replacing or repairing defective products or parts, free of charge, provided they are returned to the factory, or refund of original purchase price, at Federal Pacific's option. However, purchased components shall not be covered under this warranty. Federal Pacific will not be liable for any special, indirect, consequential or incidental damages, including, without limitation, from loss of use, data, function or profits deriving out of or in connection with the use of performance of the product and shall have no liability for payment of any other damages whether in an action of contract, strict liability, warranty or tort. The remedy provided herein states Federal Pacific's entire liability and buyer's sole and exclusive remedy hereunder. Rights may vary in certain states. Warranty Period: Standard Stock 600V Class Transformers – 12 Years. Medium Voltage and Custom 600V Class Transformers – 1 Year

19. MATERIAL RETURNED FOR CREDIT:

- In no case are goods to be returned without first obtaining the Company's written permission.
- Any material returned and not authorized will remain the property of the sender and we cannot be held responsible for its loss by fire, theft or damage.
- Only unused material as currently warrant such refusal.

20. GOVERNMENT REGULATIONS: If the material, apparatus or equipment is, or hereafter becomes subject to government control, allocation, regulation or restriction, the necessary and proper preference rating certificate or certificates shall be supplied by the purchaser.

21. PACKING: Prices include the Company's standard packing for domestic shipments. Additional export packing expenses to meet the purchaser's specifications will be paid by the purchaser.

