

## Southwest Electric Company Terms and Conditions of Sale

**1. General.** These terms and conditions (the “**Terms**”) govern the sale of goods (“**Goods**”) and services (“**Services**”) by Southwest Electric Company (“**SWE**”) to the customer or buyer (“**Buyer**”) identified in the accompanying quotation or acknowledgement from SWE. Notwithstanding anything herein to the contrary, if a written contract signed by both SWE and Buyer exists and covers the sale of the goods and services covered hereby, the terms and conditions of said contract shall prevail to the extent they are inconsistent with these Terms (any such quotation or acknowledgement, and any existing written contract, together with the Terms, collectively, the “**Agreement**”).

**2. Offer and Acceptance.** SWE’s quotation or acknowledgement constitutes SWE’s offer to sell solely in accordance with these Terms, and supersedes all previous written and oral quotations, representations and/or agreements. Acceptance can be made by any commercially reasonable means, including Buyer’s issuance of an order, acceptance of equipment sold or services provided hereunder, acknowledgement or return of SWE’s acknowledgement form, or by electronic transmission. If Buyer use its own purchase order or other form to order from SWE, such form shall be used for convenience only and shall evidence Buyer’s unconditional acceptance of these Terms. This offer expressly limits acceptance to the terms of this offer. Notification of objection is hereby given to any term in any response to this offer that does not exactly match the terms of this offer. If these Terms are construed as an acceptance instead of an offer, this acceptance is expressly conditioned on Buyer’s assent to any different or additional terms, express or implied, in these Terms. Quotations must be accepted within 30 days from the date of quotation. Prices quoted may be withdrawn or changed by SWE at any time prior to receipt of acceptance by Buyer.

**3. Modification; Waiver.** The Agreement may not be amended or modified, or its provisions waived except in a writing signed by Buyer and an Executive Officer, Marketing Manager, or Service Manager of SWE. SWE’s waiver of any term, provision, or condition hereof shall not constitute a waiver of any other term, provision, or condition, nor shall SWE’s waiver of any breach be deemed a waiver of a subsequent breach.

**4. Discrepancies.** SWE’s quotation may be based on SWE’s interpretation of specifications submitted by Buyer. Buyer shall review SWE’s quotation both as to quantities and specifications of materials listed. Any discrepancies must be called to SWE’s attention in writing immediately, so any change, if necessary, can be made. SWE shall not be liable to Buyer for any damages resulting from any discrepancies that Buyer fails to call to SWE’s attention.

**5. Corrections After Acceptance.** After acceptance by Buyer, quotations are subject to change by SWE for corrections of stenographic or clerical errors. SWE shall immediately notify Buyer of any such corrections, and Buyer may after notice thereof revoke acceptance within ten days of receipt of notice of such corrections. Failure of Buyer to revoke its acceptance within such period shall constitute acceptance of SWE’s changes.

**6. Changes in Specifications.** If Buyer desires changes or revisions in specifications upon which SWE’s quotation is based, or by adding or otherwise increasing the scope of work, the time for performance on the part of SWE shall be extended to cover time lost and/or additional work involved and time required for making any such requested changes and/or revisions. The charge for any such extra work or change shall be set according to one or more of the following: (a) a mutually agreed firm lump sum price; (b) unit prices specified in the contract or agreed upon; (c) SWE’s Time & Material Rate Sheet; or (d) cost and negotiated percentage of cost or fixed fee.

**7. Terms of Payment.** All invoices are due Net 30 Days from date of invoice in U.S.A. funds at par. Any amount owed to SWE by Buyer that is not paid within five days of its due date will accrue interest until paid at 1.5% per month or, if less, the highest rate permitted by applicable law. If SWE institutes formal proceedings to collect any past due amounts from Buyer, SWE shall be entitled to recover its attorney’s fees and other costs associated with the proceedings. If shipment is delayed at the request of Buyer or for any cause for which SWE is not responsible or that is beyond SWE’s reasonable control, the date of completion of the equipment or any part thereof, shall be regarded as the date of shipment thereof, and an invoice will be issued accordingly. Equipment held for Buyer shall be at Buyer’s risk and expense. SWE’s acceptance of orders and shipments and delivering shall be subject to approval of SWE’s Credit Department. If, in SWE’s sole judgment, Buyer’s financial condition at any time prior to delivery does not justify the continuance of work to be performed by SWE hereunder on the terms of payment agreed upon, SWE may require full or partial payment in advance or cancel any order then outstanding and

receive reimbursement for SWE’s reasonable and proper cancellation charges. Title to and right to possession of (but not risk of loss to) any material sold hereunder remains in SWE and remains personal property until all payments therefore are made in full by Buyer, and Buyer agrees to do all acts necessary to protect such right and title. If Buyer seeks voluntary relief under bankruptcy or similar insolvency laws, or if Buyer is subject to an involuntary bankruptcy or insolvency proceeding, SWE shall be entitled to cancel any order then outstanding at any time during the period allowed for filing claims against the estate, and Buyer shall reimburse SWE for its reasonable and proper cancellation charges. All payments shall be made without set-off for claims arising out of the other sales by SWE. For work performed in SWE shops, if its charges for such goods or services are not paid within 90 days after completion of the work and the invoice date, SWE at its option may retain possession of goods ordered or serviced under the contract and may, upon not less than seven days’ written notice, sell the goods at public or private sale and apply the net proceeds to SWE’s charges. SWE’s rights under this paragraph are cumulative and in addition to all rights available to SWE at law or in equity. All destination demurrage charges, and detention or unloading are Buyer’s responsibility.

**8. Shipping; Risk of Loss.** Goods are shipped EXW SWE’s shipping point specified in the Agreement or by notice to Buyer (Incoterms 2020). Risk of loss transfers when the Goods are delivered to the shipping point and Buyer is responsible for costs of carriage, including insurance.

**9. Taxes.** SWE’s prices do not include sales use, excise, value-added or other similar tax applicable to the price, sale or furnishing of any services or goods or their use by SWE or Buyer. All such taxes, if any, shall be paid by Buyer and may be added to the invoice, or in lieu thereof Buyer shall provide SWE with a tax exemption certificate acceptable to the taxing authorities. Notwithstanding any other provision herein to the contrary, in the event that, after the date of SWE’s acceptance of a purchase order, new or increased tariffs, duties, taxes, surcharges, or similar governmental charges (collectively, “**Tariffs**”) are imposed on raw materials, components, or finished Goods supplied under these Terms, and such Tariffs materially impact SWE’s costs, SWE shall have the right to adjust the price of affected Goods accordingly. SWE shall provide Buyer with reasonable documentation evidencing the additional Tariffs or costs. The Parties agree to negotiate in good faith any necessary adjustment to the purchase order price to equitably reflect such Tariffs or costs. If the Parties cannot reach agreement within thirty (30) days of notice, SWE may suspend performance of the affected portion of the purchase order until such adjustment is resolved.

**10. Cancellation.** Buyer’s acceptance of SWE’s offer may, upon 15 days’ notice in writing, be cancelled by Buyer, in whole or in part, but in no event any later than 90 days prior to SWE’s scheduled date for shipment of the equipment for which cancellation is desired, and only upon the written consent of SWE and upon terms providing for payment to SWE of a cancellation charge satisfactory to it which shall take into proper account the work already done, facilities and material acquired, and/or commitments made by SWE, together with SWE’s loss of profits. SWE may cancel this contract with Buyer if Buyer’s payments are in default hereunder or on any other contract with SWE, if Buyer breaches any other material provision of this contract, or if substantial changes occur in the availability to SWE of materials or components.

**11. Shipping Dates/Force Majeure.** Shipment dates are computed from the date SWE receives acceptance with complete specifications and, if required, drawing approvals. Shipping dates are approximate. SWE will use reasonable efforts to maintain the shipping date(s) given herein but will not be liable for delays in delivery or in performance or failure to manufacture or deliver due to causes beyond its reasonable control including, without limitation, acts of God, acts of Buyer, acts of civil or military authority, priorities, fires, strikes or other labor disturbances, floods, epidemics, war, riot, delays in transportation or car shortages, energy shortages, acts or omissions of, or other delays by, Buyer, prerequisite work by others, or inability to obtain necessary labor, materials, components or manufacturing facilities. In the event of such delay, the date of delivery or performance shall be extended for a period equal to the time lost due to the delay. If SWE is delayed due to acts of Buyer, or by the prerequisite work by other contractors or suppliers of Buyer, SWE shall be entitled to an equitable price adjustment in addition to extension of the time of performance. Each shipment shall constitute a separate sale, and Buyer’s failure to take one or more deliveries shall not constitute cause for cancellation by Buyer. If Buyer is in default in any payments on this or any other contract, SWE may withhold shipment on this or any other contract.

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**12. Inspection.** Quotations and acceptances are made on the basis that where Buyer is to inspect, inspection and acceptance of equipment shall be made at SWE's facility prior to shipment.

**13. Supervision of Installation.** Unless the Agreement provides otherwise, SWE will neither install nor supervise the installation of the equipment, but the same will be done by and at the expense of Buyer.

**14. Tests.** The conditions of any test of any equipment shall be mutually agreed upon by SWE and Buyer, and SWE shall be notified of, and may be represented at, all tests that may be made.

**15. Limited Warranty.** Unless otherwise quoted or agreed to in the contract with Buyer, SWE warrants to Buyer only, that Goods and Services sold will be free from defects in material and workmanship and will conform to mutually agreed upon specifications when used and installed in accordance with applicable standards for a period of (18) months from the date of shipment of the Goods or twelve (12) months from the date of energization or completion of the Services, as applicable, (such period, the "Warranty Period"). Provided that Buyer gives SWE written notice prior to the end of the Warranty Period, SWE will correct any such failure by reperforming any defective portion of the services furnished and, at its option, either repairing or replacing (by delivery as provided in Section 8) any defective goods. If the contract covers complete installation, maintenance or construction, SWE will correct the failure by reperforming any defective service and either repairing or replacing (at its option) any defective goods furnished and any damage to the equipment upon which the service was performed resulting from defective service. If reperformance is not practicable, SWE will furnish without charge Services in an amount essentially equal to those which, in SWE's sole judgment, would have been required for performance. If the contract covers job management, SWE's sole obligation will be to replace the job manager for the balance of the job. If the contract covers training, SWE's sole obligation will be to replace the assigned instructor and reperform the training. The furnishing of warranty services hereunder shall not extend the Warranty Period. Unless otherwise agreed to in the contract with Buyer, SWE shall not be liable for costs of equipment removal, costs of transporting repaired equipment or replacement to site and reinstalling equipment. SWE shall not be liable for a breach of warranty if: (a) Buyer fails to give notice of a warranty claim within 3 business days of the time when Buyer discovers or ought to have discovered the defect or other basis for the claim; (b) Buyer makes any further use of Goods subject to a claim after the defect or basis for a claim becomes known; (c) the defect arises because Buyer failed to follow Seller's instructions as to the storage, installation, commissioning, use or maintenance of the Goods; (d) SWE is not given a reasonable opportunity after receiving notice to examine the Goods and Buyer (if SWE requests) returns such Goods to SWE at SWE's cost for examination; or (e) Buyer or a third party alters or repairs such Goods without the prior written consent of Seller. The liability of SWE under this warranty shall not exceed the cost of correcting defects in the equipment as herein provided, and upon the expiration of the Warranty Period, all of SWE's liabilities shall terminate. The foregoing shall constitute the exclusive remedy of Buyer and the exclusive liability of SWE. **THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WRITTEN, ORAL, OR IMPLIED, OR STATUTORY (EXCEPT AS TO TITLE). SWE EXPRESSLY DISCLAIMS AND EXCLUDES ANY IMPLIED WARRANTY OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR PURPOSE. SWE DOES NOT WARRANT ANY EQUIPMENT OF OTHER MANUFACTURERS.**

**16. Limitation of Liability.** SWE's liability on all claims of any kind, whether based on contract, indemnity, warranty, tort (including negligence), strict liability or otherwise, for all losses or damages arising out of, connected with, or resulting from the Agreement, or from any goods or services covered by or furnished under the Agreement or any extension or expansion thereof (including remedial warranty efforts) shall in no case exceed the contract price of a lump sum contract, or the price of work completed, if the contract is being performed on a cost type basis. Except as to title to any goods furnished, all such liability shall terminate upon the expiration of the Warranty Period. **ANY ACTION AGAINST SWE ARISING OUT OF THE AGREEMENT MUST BE COMMENCED WITHIN ONE YEAR OF THE ACCRUAL OF THE CAUSE OF ACTION.**

**(a) IN NO EVENT WILL SWE BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR IN TORT,**

**INCLUDING NEGLIGENCE AND STRICT LIABILITY), INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF REVENUE, LOSS OF USE OF EQUIPMENT OR ANY ASSOCIATED EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTE EQUIPMENT, FACILITIES OR SERVICES, DOWNTIME COSTS, IN AND OUT COSTS, OR CLAIMS OF BUYER'S CUSTOMERS FOR SUCH DAMAGES.**

**(b)** When any goods, services, or both, are to be used or performed on, or in connection with any nuclear installation or activity, SWE, its employees and suppliers shall have no liability, whether based on contract, indemnity, warranty, tort, (including negligence) strict liability or otherwise, for any nuclear damage, injury or contamination to any property located at the site, and Buyer will indemnify SWE, its employees and suppliers against any such liability. In addition, Buyer shall furnish an Agreement of Indemnification as contemplated by Section 170 of the Atomic Energy Act of 1954, as amended, and Nuclear Liability Insurance from ANI and MAELU, or both, pursuant to Section 170 of said Act. Any of SWE's material or equipment which becomes radioactive at the work site shall, at SWE's option, be purchased by Buyer. Any nuclear decontamination necessary for SWE's performance (including remedial warranty efforts) shall be performed by Buyer without cost to SWE. In addition, at nuclear sites, SWE will not be liable to Buyer for any damage to property of Buyer, to the extent that Buyer has ANI or MAELU insurance coverage for such loss.

**(c)** SWE shall not be liable for any loss or damage whatsoever arising from failure to discover or repair latent defects or defects inherent in the design of Goods serviced (unless such discovery or repair is normally discoverable by test expressly specified in the scope of work of the Agreement) or caused by Buyer's use of goods against SWE's advice or other than in accordance with applicable specifications. If SWE furnishes Buyer with advice or assistance concerning any products or systems which is not required pursuant to the contract, the furnishing of such advice or assistance will not subject SWE to any liability, whether in contract, indemnity, warranty, tort (including negligence) strict liability or otherwise.

**(d)** Buyer acknowledges that no electrical device will function indefinitely, and that at any given time such equipment is subject to failure, and Buyer accordingly agrees to exonerate, indemnify, and hold harmless SWE, its employees, agents, officer, and its subcontractors, if any, from and against any and all losses, damage, claims, attachments, judgments, and costs of any kind or nature whatsoever. These shall include incidences relating to damage or destruction of property listed in this proposal, loss of production by Buyer caused by or in any manner associated with the work contracted for in this proposal.

**17. Exclusivity of Remedy.** The remedies provided for in this Section and Section 15, "Limited Warranty," shall constitute the sole recourse of Buyer against SWE for breach of any of SWE's obligations under the Agreement, whether the claim is made in tort or in contract, including claims based on warranty, negligence, strict liability, deceit, fraud, misrepresentation, or otherwise. This clause shall survive failure of an exclusive remedy.

**18. Indemnity.** SWE shall, subject to Sections 16 and 17 ("Limitation of Liability" and "Exclusivity of Remedy"), defend, indemnify and hold Buyer harmless against any loss, damage, liability, claim or cause of action on account of personal injury, death or property damage sustained by any third party to the extent the direct result of SWE's negligence during the performance of the work hereunder on the premises of Buyer. SWE shall not be required to indemnify Buyer against any loss, death or injury to the extent caused by the negligence of Buyer, its agents, employees, or subcontractors.

### **19. Miscellaneous.**

**(a)** Buyer shall not assign this contract, or any rights therein, without written consent of SWE. SWE reserves the right to subcontract any of the work.

**(b)** For reasons of personnel and plant safety, SWE personnel reserve the right to decline any portion of the job they may deem hazardous.

**(c)** No information transmitted by Buyer to SWE will be regarded as secret or submitted in confidence except as may be otherwise provided in a written agreement signed by SWE and Buyer.

**(d)** SWE and Buyer shall each comply with all applicable laws, regulations, and ordinances of any authority having jurisdiction, including, but not limited

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to, the Fair Labor Standards Act of 1938, as amended, the Occupational Safety and Health Act of 1970 (OSHA), laws related to non-segregated facilities and equal employment opportunity (including the seven paragraphs appearing in Sec. 202 of Executive Order 11246, as amended).

(e) Buyer agrees to perform the services required of it pursuant to the Agreement and will indemnify and hold SWE harmless for any liability that may be asserted against SWE due to Buyer's failure to perform the services.

(f) SWE does not service or repair any oil filled equipment that contains PCB levels above 50 PPM. It is Buyer's responsibility to ensure that PCB level is below 50 PPM before engaging the services of SWE.

(g) If the quotation attached relates to disposal or retrofitting of fluids, SWE reserves the right to withdraw the quotation even if accepted by Buyer if the materials involved do not comply with the description furnished by Buyer.

(h) Scheduling of any services to be provided hereunder shall be done by mutual agreement between the parties if not otherwise specifically provided for in an Agreement. If the parties fail to agree to a schedule for the services, the Agreement will be null and void.

(i) The Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to or will confer to any other person any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of these Terms.

(j) Subject to Section 1, the Agreement is the entire agreement between the parties and supersedes all prior or contemporaneous understandings, agreements, representations and warranties, and communications, written and oral. No course of dealing or usage of trade will supplement or explain any terms used herein.

**20. Penalty for Liquidated Damages/Premiums for Early Shipment.** Orders from Buyer which include a penalty or liquidated damages clause will not be honored by SWE unless SWE has specifically accepted the clause in writing. In no event shall Liquidated Damages in the aggregate exceed 10% of the purchase price of the affected Goods. In appropriate cases, SWE may request from Buyer a price premium for shipment made prior to SWE's standard manufacturing process lead time.

**21. Governing Law; Venue.** The Agreement will be governed by and construed in accordance with the internal laws of the State of Oklahoma. The exclusive venue for any legal suit, action, or proceeding arising out of or relating to the Agreement will be the federal courts of the United States of America or the courts of the State of Oklahoma, in each case located in Oklahoma City, and each party irrevocably submits to the exclusive jurisdiction thereof. The United Nations Convention on Contracts for the International Sale of Goods (CISG) is expressly disclaimed by the Parties with respect to this Agreement and the transactions contemplated hereby.

**22. Service Definitions.** Complete installation /maintenance/construction is any combination of planning, management, labor tools and incidental goods to move, install, assemble, modify, repair, modernize, start-up, and/or maintain equipment. Field Engineering is engineering, and technical guidance, advice and counsel based upon SWE's current engineering, manufacturing, installation and operating practices, as related to work performed by others. Job Management is any combination of planning, scheduling, monitoring, selection of crews, as specified in the contract documents, but does not include responsibility for supervision of labor, or for the quality or acts of craft labor. Training is an instructional course prepared and provided by personnel qualified to give training in the subject matter. Engineering Study/Inspection/Test is system design and analysis of equipment or systems by competent, experienced personnel using special techniques, instruments or devices with the objective of reporting opinions or recommendations relating to the current condition and future serviceability of the equipment or system.