

CG GENERAL SALES CONDITIONS

1. PRECEDENCE

Unless otherwise specifically agreed in writing or stated in the Quotation of CG, the following terms and conditions shall govern all sales by CG (hereafter sales of "Equipment"). Any terms and conditions in Purchaser's enquiries, purchase orders, other forms, letters or elsewhere, which are either different from or in addition to CG's terms and conditions are objected to and are excluded, unless CG expressly agrees in writing to such terms.

2. VALIDITY PERIOD OF QUOTATION - COMING INTO FORCE OF THE CONTRACT

Unless otherwise stated in the Quotation, the Quotation will remain valid for 3 months, during which period the Quotation is subject to acceptance by the Purchaser, by sending a written Order to CG. Orders are subject to final approval and acceptance by CG.

The Contract will come into force as soon as the Order by the Purchaser is received and all of the following conditions have been fulfilled:

- receipt of advance payment ;
- if applicable, receipt and acceptance by CG of Documentary Credit ;

The coming into force of the Contract must take place within 2 months from the date of Order.

3. CHANGE ORDERS

Changes requested by Purchaser to a Contract which has previously been accepted by CG are subject to written acceptance by CG. Change Orders should be submitted to CG in writing and shall contain an exact description of the required variation. Change orders can give rise to adjustments in price, delivery times or services completion as quoted in the original Contract. CG will provide the Purchaser with written quotations and expected completion dates for any requested and accepted change order.

4. PRICES

The prices stated are in Euros, currency of account and payment. They are firm and not subject to revision provided that the Order is placed during the validity period of the Quotation, and the Contract comes into force within 2 months from the date of Order. The prices have been based on receipt of an Order for the entire quoted Equipment, hence, a partial order may result in a price adjustment by CG.

The following items are not included in the price: costs for witnessed inspection, type tests or special tests, storage of the Equipment after delivery Ex Works, or any other cost beyond the specified delivery condition, such as supervision of erection, testing and/or commissioning on site. Any present or future custom duties, taxes, levies, port charges, entry fees or similar charges, levied outside the country of manufacture and related to the supply of the Equipment and/or services are not included in the price. If applicable, Purchaser shall be liable for all these charges.

5. PAYMENT TERMS

The payment terms shall be as specified in the Quotation.

Should any delay in payment occur, the outstanding payments shall bear interest at a monthly rate of 1 %, from the contractually agreed payment date and without any notice to this effect being required from CG, and this without prejudice to CG's right to demand immediate and full payment, to suspend or to terminate the contract.

Unless otherwise stated in the Quotation, the following minimum payment terms shall apply:

- 25 % of the total Contract price shall be paid as an advance payment, within 30 days from the date of Order, against invoice ;
- 75% of the value of each part of the Equipment shall be paid upon delivery.

For Contracts with Purchasers in non-OECD-countries, this remaining 75% of the value of each part of the Equipment shall be paid through an irrevocable at sight Documentary Credit issued in favor of CG by a first-class bank of CG's choice.

Payments shall be made under this Documentary Credit at the counters of the Belgian Bank, prorata shipment, against presentation of shipping documents only, exclusive of any document originating directly or indirectly from Purchaser.

This Documentary Credit shall be opened within 30 days of Order, and show a validity period covering the delivery time plus three months. If at expiry date all deliveries have not been completed, the Documentary Credit shall be extended automatically for the remaining balance for a period of 3 months.

In case of FOB shipment, the Documentary Credit should provide for an alternative document to the Forwarder Cargo Receipt (FCR), such as a warehouse certificate or CG's written notification of readiness for shipment of the Equipment, in case there is no ship available or indicated within one month after readiness for shipment.

All bank charges, except the Belgian bank charges, shall be borne by the Purchaser.

The Documentary Credit shall further:

- allow shipment from any European port
- allow partial shipments and transshipments
- authorize the paying bank to reimburse itself by telex on a corresponding bank
- allow presentation of documents within 21 days of issue of Bill of Lading
- be subject to the I.C.C. Uniform Customs and Practice for Documentary Credits (UCP600)

6. TRANSFER OF RISK AND TITLE

The transfer of risk of loss or damage shall be ruled by the agreed Incoterm. Purchaser shall notify CG promptly of any claim with respect to loss which occurs while CG has the risk of loss, and of which Purchaser has knowledge, and shall cooperate in every reasonable way to facilitate the settlement of any claim.

In all circumstances, the transfer of title shall only take place upon complete payment of all of the Equipment by the Purchaser. The retention of title shall not affect the transfer of risk under the present clause.

7. DELIVERY TIMES

Delivery times are expressed in calendar months or weeks starting from the coming into force of the Contract. Any delay in the coming into force of the Contract, delay in payments or delay occurring during the delivery period, due to the Purchaser or other circumstances beyond control of CG, shall result in a corresponding postponement of the delivery date or extension of total delivery time, if justified by a reduced availability of production capacity at CG's works, and/or price adjustment.

8. DELAY IN DELIVERY

Should CG fail, due to reasons solely attributable to CG, to maintain the delivery times, and provided that the Purchaser has paid penalties, liquidated damages or damages to his customer due to CG's delay, the Purchaser, to the exclusion of any further rights and/or claims he might have under the Contract or the applicable law, shall be entitled to claim from CG, as liquidated damages, a compensation at the rate of 0.3 % of the price of the delayed Equipment per full week of delayed delivery, starting one week after the notification by the Purchaser. The maximum amount of liquidated damages shall not exceed 3 % (three percent) of the price of the delayed Equipment, and such liquidated damages shall be paid in full and final satisfaction of all claims and liabilities for the said failure. The Purchaser's right to liquidated damages shall be forfeited if such request has not been submitted within three months after the due time for delivery.

If at the scheduled delivery date, the Purchaser is unable or unwilling to take delivery for any reason and if the Purchaser so requests in writing, CG may accept to arrange for storage of the Equipment at the Purchaser's risk. However, the Purchaser shall in that event pay CG for all costs incurred by such storage and shall pay for the goods at the scheduled delivery dates, as if the Equipment had been delivered. The delivery term of the Contract shall be deemed to be changed into Ex Works - Bill & Hold, with transfer of risk and title.

9. DELIVERY CONDITIONS

Unless otherwise expressly agreed upon, the Equipment will be delivered Ex Works, to be interpreted in accordance with the Incoterms ICC 2000.

10. PACKING AND MARKING

Packing as per CG's standard export packing, suitable for transport to the place of delivery and handling in good conditions, has been included in our prices. The Equipment shall be marked and packed according to CG's standard.

11. DESIGN DIMENSIONS

Except when explicitly guaranteed, any dimensions and weights as stated in the technical part of our Quotation are approximate and cannot be considered as binding. If detailed drawings and documentation must be approved by the Purchaser, such approvals shall reach CG within 2 weeks from the date of request for approval, failing which the drawings shall be deemed to have been approved.

12. TESTING

Testing will be done at CG's premises, unless indicated otherwise. Should the Purchaser wish to attend the tests to be performed on the Equipment before shipment, he may do so at his own cost and provided that he has notified CG of his intent at least 6 weeks before the testing date. In case the Purchaser is not in CG's plant on the notified testing date, CG will perform the testing without further delay and without the presence of the Purchaser. The test report shall then be deemed accepted by the Purchaser.

13. RELEASE AND ACCEPTANCE

a) Should the Purchaser wish to inspect the Equipment before shipment, for release, he may do so at his own cost and provided that he has notified CG of his intent at least 6 weeks before the planned date of shipment. In case the Purchaser is not present in CG's plant on the agreed inspection date, CG will be allowed to ship the transformer without further delay and the release of the Equipment shall be deemed complete.

b) The Purchaser shall carry out the acceptance of the Equipment at the location specified in the Contract and shall issue an acceptance certificate to CG. However, acceptance of the Equipment shall be deemed complete 15 days after issuance by CG of notice to Purchaser to carry out same, but in any case not later than 6 months from notification of readiness for shipment.

c) Apparent defects or deficiencies shall be considered as accepted when the acceptance has taken place or is deemed to have taken place. Under all circumstances, any operations with or use of the Equipment shall implicitly mean that the Equipment is accepted.

14. WARRANTY

14.1. If, under normal and proper use, a defect appears in the Equipment manufactured by CG during the applicable warranty period and Purchaser promptly notifies CG within 10 days after discovery of any defect, or within 10 days after the date that such defect should have been discovered, in writing of such defect or non-conformance and follows CG's instructions regarding return of defective or non-conforming Equipment, CG will exercise its best efforts to either repair, replace or correct such Equipment without charge as soon as possible. When the defect is such that it may cause damage, the notice shall be given immediately. Negligence of the Purchaser may result in loss of his rights and the Purchaser shall under all circumstances mitigate the damages resulting from defective Equipment. The notice shall contain a sufficient description of the defect.

A defect is a non-conformity with the agreed technical specifications, which has a material negative impact on the function or the performance of the Equipment. This warranty covers all such defects that are directly related to design, material or workmanship.

The warranty is not applicable in the case of defect due to design originating from Purchaser or a third party; Purchaser's modifications, misuse, neglect, accident or abuse; improper cabling, repairing, installation, storage and maintenance, normal wear and tear, improper operation or disregard of CG's installation and operation manual or CG's and/or its vendor's specifications, by the Purchaser or any third party. For products not manufactured by CG itself, CG shall only be liable to the extent of the warranty given to CG by its own suppliers and within the above time limit.

14.2. The warranty period will be 12 months from commissioning date. However, under no circumstances this period will exceed 18 months as from notification of readiness for shipment.

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For longer warranties (if explicitly agreed in writing by CG), the warranty will only remain valid if the Purchaser can prove that he organized a yearly inspection of the Equipment by a qualified expert.

14.3. CG shall decide whether repair shall be carried out at the site of the Equipment or a defective part shall be returned to CG for replacement, or any other solution. No product will be accepted for repair or replacement without the authorization of and in accordance with instructions of CG. Removal and reinstallation expenses as well as transportation expenses associated with a returning of Equipment to CG shall be borne by the Purchaser. After CG repairs such Equipment or acquires a replacement Equipment, CG shall pay the cost of transportation of the repaired or replaced Equipment. If CG determines that the returned Equipment was not defective, Purchaser shall pay CG's costs of handling, inspecting, testing and transportation and, if applicable, travel and related expenses. In repairing or replacing any Equipment or part of Equipment under this warranty, CG may use either new, remanufactured, reconditioned, refurbished or functionally equivalent products or parts; provided, however, that such repair or replacement will not impact upon the function of the Equipment under normal and proper use, as provided in the specifications. The replaced Equipment or parts shall become property of CG. All replaced parts must be returned franco to CG within one month of their replacement, in default of which their value will be invoiced. The repair or replacement of items during the period of warranty does not extend this period.

The Purchaser shall at his own expense arrange for any dismantling and reassembly of other equipment than the Equipment delivered by CG, to the extent that this is necessary to remedy the defect.

14.4. CG shall not give any warranty as to the usefulness or fitness for purpose of the Equipment. Only the Purchaser shall be responsible for his intentions with the Equipment.

14.5. The foregoing warranties are exclusive and are in lieu of all other express and implied warranties, including but not limited to warranties of merchantability and fitness for a particular purpose. Purchaser's sole and exclusive remedy shall be CG's obligation to repair or replace as set forth above in this warranty.

15. LIABILITY

The Parties' exclusive remedies and the entire liability of a party, its affiliates and their employees, agents and suppliers, for any claim, loss, damage or expense of the other party or any other entity arising out of this agreement, or the use or performance of any product or services, whether arising out of breach of contract, tort, negligence, indemnity or strict liability, shall be as follows:

- (i) for the non-performance of Equipment and services during the warranty period: the remedy set forth in article 14 "Warranty";
- (ii) in case of accidents occurring at any time, both during the eventual assembling as afterwards, the responsibility of CG is limited to its supplies and CG is never responsible for any damage incurred by an accident in the Purchaser's premises, nor to his installations, goods and/or staff;
- (iii) subject to the terms of clause (iv) below, for everything other than as set forth above, the amount of the proven direct damages, not to exceed the price allocable to the Equipment or part thereof which gives rise to the claim;
- (iv) neither party shall be liable for any damages that could have been mitigated with reasonable care, nor for incidental, indirect, consequential or economic damages such as loss of profits, revenues or savings, loss of other equipment or tangible damage, downtime costs or business interruption losses, removal or reinstallation costs, claims of third parties, arising out of this agreement, or the use or performance of any product or services, whether in an action arising out of breach of contract, tort, negligence or strict liability.

Each party shall give the other prompt written notice of any claim. Any action or proceeding against a party must be brought within 12 months after the cause of action becomes known.

16. FORCE MAJEURE

Either Party shall be entitled to suspend performance of its obligations under the contract to the extent that such performance is impeded or made unreasonably onerous by cases of force majeure, such as but not limited to, acts of God, natural catastrophes, fire, epidemics, perils of the sea, war or civil unrest, embargo, restrictive governmental measures, labour disputes, breakdown in plant, unavailability of transportation or loading facility, failure in supply of public utility or materials, disruption in procurement from suppliers of parts, or any other cause or circumstances beyond the reasonable control of the Parties.

In the event CG is prevented from fulfilling its obligations described in the contract, by force majeure, CG shall not be liable for any loss, damage, failure or delay in fulfilling its obligations and may, at its option, extend the time of delivery of the Equipment or, should the force majeure persist, re-negotiate or cancel unconditionally the unfulfilled portion of the Contract. However, in no case shall payments for delivered Equipment or services rendered be interrupted due to the force majeure. CG shall notify the Purchaser in due time of any force majeure case affecting its performance. If CG requests an extension of delivery times, this will be deemed as accepted if the Purchaser does not object within 7 calendar days from this request.

17. HARDSHIP

If, by reason of availability and cost or raw materials above such costs ruling at the date of the quotation, the cost for CG of performing its obligations under the Contract is substantially increased, the Parties will discuss in good faith a modification of the contract price that should reflect such substantial increase.

18. SUSPENSION AND TERMINATION OF CONTRACT

Any serious shortcoming on the side of the Purchaser may result in CG's right to suspend its obligations, for the duration of the Purchaser's failure, after notification in writing to the Purchaser. In such case, all obligations that are due within a fixed timeframe may be adjusted accordingly.

Either Party may terminate the Contract in case of breach of the agreement, or should the other Party file for bankruptcy, be declared insolvent, under receivership, legally broken up or in liquidation, when any of the above circumstances in the other Party's opinion may jeopardize the continuation of the Contract.

19. CANCELLATION FOR CONVENIENCE

When cancellation of all or part of a contract is received by CG, charges shall be assessed against the value of the cancelled Equipment and/or services in accordance with the following cancellation table, less any payments received against the value of the Equipment and/or services, notwithstanding the right of CG to demand full indemnification for any and all damages resulting from this cancellation.

Cancellation table		
For Distribution transformers up to 10 MVA and Air Insulated Switchgear		
Duration after receipt of an order	But not exceeding	Cancellation charge = % of total contract value
Within 1 week		10
> 1 week	2 weeks	30
> 2 weeks	3 weeks	45
> 3 weeks	4 weeks	60
> 4 weeks	5 weeks	70
> 5 weeks	6 weeks	75
> 6 weeks	7 weeks	80
> 7 weeks	8 weeks	85
> 8 weeks	x - 1 week *	90
Within 1 week prior to shipment		100

For Small power transformers up to 25 MVA/72.5 kV and Gas Insulated Switchgear		
Duration after receipt of an order	But not exceeding	Cancellation charge = % of total contract value
Within 4 weeks		10
4 weeks	8 weeks	30
8 weeks	12 weeks	60
12 weeks	16 weeks	75
16 weeks	x - 4 weeks*	85
Within 4 weeks prior to shipment		100

For Power transformers above 25 MVA/72.5 kV		
Duration after receipt of an order	But not exceeding	Cancellation charge = % of total contract value
Within 1 month		10
4 weeks	8 weeks	30
8 weeks	12 weeks	45
12 weeks	16 weeks	60
16 weeks	20 weeks	70
20 weeks	24 weeks	75
24 weeks	28 weeks	80
28 weeks	32 weeks	85
32 weeks	x - 4 weeks*	90
Within 4 weeks prior to shipment		100

* x = delivery time in weeks

20. INFORMATION, PROPERTY AND CONFIDENTIALITY

The Purchaser shall be responsible for errors, omissions, or discrepancies in drawings and written information supplied by him or by a third party on his behalf. The Purchaser shall at his own expense carry out any alterations or remedial work necessitated by such errors, omissions or discrepancies for which he is responsible or pay CG the cost incurred by CG in carrying out any such alterations or remedial work so necessitated.

All drawings and technical documents relating to the Contract, submitted by one Party to the other prior or subsequent to the formation of the Contract, shall remain the property of the submitting Party. Drawings, technical documents or other technical information received by one Party shall not, without the consent of the other Party, be used for any other purpose than the execution of the Contract. They may not, without the consent of the submitting Party, otherwise be used or copied, reproduced, transmitted or communicated to a third party.

Both Parties shall treat in strict confidence all matters which are not publicly known or general accessible. If there is any doubt, this confidentiality requirement shall nevertheless be observed. The parties are obliged to respect this confidentiality clause both before the contract and after the termination of the contractual relationship. This obligation does not affect either party's legal obligation to disclose facts, if such obligation would exist.

21. LICENSES, PERMITS, LAWS AND REGULATIONS

The Purchaser shall be responsible for obtaining all licenses, permits and authority approvals outside of CG's country in due time as necessary for the performance of the Contract. Negligence or untimely delivery of all necessary licenses, permits and approvals may result in Contract adaptation regarding delivery times and costs if appropriate.

All local laws, rules and regulations that are applicable to the Equipment, its operation or its assembling, in the country where the Equipment must be delivered and/or assembled, shall be deemed to be known by the Purchaser, who shall incorporate all necessary elements in the Specifications. In general, it is Purchaser's responsibility to inform CG about any relevant issue in this respect.

Any change in applicable laws and regulations and / or in applicable codes and standards after the signature of the contract shall be considered as a change order from the Purchaser and shall entitle CG to adjust the contract, particularly the prices and terms of delivery accordingly.

22. APPLICABLE LAW AND JURISDICTION

The contractual relationship between the parties shall be governed by the law of CG's registered office, excluding any application of the "United Nations Convention on Contracts for the International Sale of Goods of April 11, 1980".

All disputes arising out of or in connection with the contract (including its validity and termination) and which could not be solved by an amicable settlement, shall be submitted to the exclusive jurisdiction of the courts of CG's registered office.