

Lockhart Power Company

Terms and Conditions

1. **CONTRACT:** This Purchase Order constitutes the final, complete and exclusive terms of agreement with the Seller and may not be modified or rescinded except by a written change order signed by the Buyer and Seller. The parties agree that the express terms of this Purchase Order may not be explained or supplemented by evidence of trade usage or prior course of dealing. The Buyer will not be bound by any additional or different terms in any proposal, offer, acknowledgment, invoice or any other record submitted by the Seller at any time. If this Purchase Order is construed as an offer, this offer expressly limits acceptance to the specific terms of this Purchase Order, and the Buyer hereby objects to any different or additional terms contained in any response to this offer from the Seller. If this Purchase Order is construed as an acceptance of an offer, this acceptance is expressly conditioned on the assent by Seller to any different or additional terms contained in any part of this Purchase Order. If this Purchase Order is construed as a confirmation of an existing contract, the parties agree that this confirmation states the final, complete and exclusive terms of any contract between the parties. Regardless of its construction, this Purchase Order expressly incorporates by reference all implied and default terms of the Uniform Commercial Code (UCC) providing protection to the Buyer including, without limitation, all express and implied warranty protection and all of Buyer's remedies under the UCC.
2. **WARRANTY:** Seller warrants title to goods sold hereunder to be free and clear of all liens, encumbrances and or colorable claims. Seller further warrants that all goods and services shall be of merchantable quality and free from defects in material design and workmanship, shall be fit for the particular purpose intended, shall conform to promises, affirmations, descriptions, specifications, samples, drawings and plans, if any provided to Buyer by Seller, and (in the case of services) shall be performed in a sound, professional and competent manner in accordance with the highest standards of the industry.
3. **INDEMNITY:** Seller agrees to defend, indemnify, and hold harmless Buyer from any loss, cost, damage, claim or expense, including reasonable attorney's fees, of any nature including, but not limited to, any claim of death or injury to persons or damage to property, arising out of, or related in any way, directly or indirectly to, the goods and services supplied hereunder, including, without limitation, defects in design, materials, workmanship or manufacture, regardless of whose actions, omissions, or negligence may have caused the incident, even if Buyer's negligence was a or the predominant cause, except where such loss, cost, damage, claim or expense results from the sole negligence of Buyer.
4. **INFRINGEMENT:** Seller warrants that the use or sale of the goods and services shall not infringe any United States' patent claims, trademarks or other intellectual property rights. Seller shall defend, indemnify and hold harmless Buyer from all expenses, including attorney's fees, claims and liabilities arising out of a breach of this warranty.
5. **REJECTION AND REVOCATION OF ACCEPTANCE:** Buyer shall have a reasonable opportunity to inspect goods. If the goods or the tender of delivery fail in any respect to conform to the terms of this Purchase Order, the Buyer may reject the goods or their tender, or the Buyer may revoke its acceptance of the goods where appropriate.
6. **DELIVERY TIME IS OF THE ESSENCE; SHIPMENT:** All goods shall be delivered F.O.B., Buyer's location stated on the front of this Purchase Order unless other arrangements are stated explicitly elsewhere in this Purchase Order. Seller's performance shall be in strict conformance with the delivery and other time provisions specified in this Purchase Order. **TIME IS OF THE ESSENCE.** If Seller fails to perform according to the terms of this order within the required time, Buyer may cancel this Purchase Order and purchase the goods and services elsewhere and hold Seller liable for any costs or damages incurred. Complete packing lists must accompany each shipment. Separate invoices are required for each Purchase Order and for each shipment when partial deliveries are made.
7. **TAXES:** Any applicable federal, state, or local taxes related to the manufacture of goods sold herein are included in the Purchase Order price and shall be paid by Seller.
8. **CONFIDENTIALITY:** All drawings, plans, specifications or other documents, data or information furnished by Buyer to Seller, orally or in writing, shall be treated as confidential by Seller. Seller shall not make any commercial use thereof except in performance of this Purchase Order. Seller shall not disclose same to anyone before or after performance of this Purchase order without having obtained the written consent of Buyer. All such drawings, plans, specifications or other documents, data or information shall be returned to Buyer upon request.
9. **GOVERNMENTAL LAWS:** Seller shall comply with the Fair Labor Standards Act. Seller shall not discriminate against any employee or applicant for employment because of age, race, color, creed, national origin or sex. Seller shall comply with all applicable federal, state and local fair employment practices, laws, including all provisions of

Executive Order 11246 of September 24, 1965, the Rehabilitation Act of 1973, and the Vietnam Era Veterans Readjustment Assistance Act of 1974 and any amendments thereto. Any clause required to be in a document of this type by any applicable law or administrative regulation having the effect of law shall be deemed to be incorporated herein. Seller warrants that the goods and services shall comply with all applicable laws, standards and regulations, whether governmental or industrial, in effect on the date of delivery or known in the industry to become effective after such date.

10. ASSIGNMENT AND SUBCONTRACTING: Any attempt by Seller to assign the rights or delegate the performance of services by Seller under this contract shall be null and void absent the written permission of the Buyer. Seller shall not subcontract all or any part of its performance of this Purchase Order to any other party without Buyer's prior written consent. No assignment or subcontracting by Seller, with or without Buyer's consent, shall relieve Seller of any obligations under this Purchase Order.

11. APPLICABLE LAW: This contract and all of the rights, duties and obligations of the parties hereto shall be construed, interpreted and controlled by the laws of the State of South Carolina.

12. CHANGES: Buyer may direct Seller to make changes in the goods or services ordered or in the requirements of the drawings, specifications, or instructions. Seller shall promptly review such changes and within five (5) business days inform Buyer of any change in Seller's cost of performance or delay in delivery. Upon mutual agreement as to any price or delivery change, Buyer shall issue a written change order. In the event Seller shall fail to comply with this procedure, Seller shall be deemed to have waived all claims for increased cost or extension of time of performance.

13. SUSPENSION OR TERMINATION: Buyer, for its convenience, shall have the right to suspend or terminate Seller's work hereunder, or any part thereof, including delivery, upon notice to Seller. Seller shall promptly comply with Buyer's instructions to minimize the cost to Buyer. In the event of suspension for convenience, Seller shall be entitled to recover only its uncompensated actual direct cost resulting from any suspension. In the event of termination for convenience, Seller shall be entitled to recover only its uncompensated actual direct costs incurred prior to the date of Buyer's termination plus those actual direct costs arising from Buyer's termination, provided that in no event shall the total price paid by the Buyer exceed the price(s) specified in this Purchase Order. Any cost claimed by Seller under this Article shall be subject to the audit and reasonable approval of Buyer. Upon termination, the goods shall become the property of Buyer in their then state of completion.

14. WAIVER: Buyer's waiver of any breach by Seller of any of the provisions of this Purchase Order shall not constitute a waiver of any other breach of the same or any other provision. Buyer's rights and remedies under any provision of this Purchase Order shall be in addition to, and not in substitution or limitation of, any other rights or remedies available to Buyer under applicable law.

15. LIMITATION OF LIABILITY: In no event shall Buyer be responsible for any indirect, special, incidental, punitive or consequential damages including, but not limited to, Seller's loss of actual or anticipated profits arising out of, or resulting from this Purchase Order or from the performance, suspension, termination or breach hereof.

16. HEADINGS AND SEVERABILITY: Any headings preceding the several articles hereof that are inserted solely for convenience or reference, shall not constitute a part of the Purchase Order and shall not otherwise affect the meanings, content, effect or construction of this Purchase Order. In the event that any provision contained herein is held to be invalid or unlawful, such provision shall be severable from the remaining provisions of this Purchase Order, which shall remain in full force and effect.

17. PUBLICITY: Seller shall not, and shall require that its subcontractors and suppliers of any tier shall not, cause or permit to be released any publicity, advertisement, news release, public announcement, or denial or confirmation of same, in whatever form, regarding any aspect of this Purchase Order or the goods and/or services to which they pertain without Buyer's prior written approval.

18. RESPONSIBILITY FOR PROPERTY: Unless otherwise specified, upon delivery to Seller, or manufacture or acquisition by Seller, of any materials, parts, tooling, data or other property, title to which is held by Buyer, Seller assumes the risk of and shall be responsible for any loss thereof or damage thereto. In accordance with the provisions of this Purchase Order, but in any event upon completion thereof, Seller shall return such property to Buyer in the condition in which it was received, except for reasonable wear and tear, and except for such property as has been reasonably consumed in the proper performance of this Purchase Order.