

GENERAL CONDITIONS OF SALE

Unless otherwise specified, in writing, the following terms and conditions will apply on all quotations, sales or shipping agreements entered into by C.E.S. or on behalf of the said Company by a duly appointed agent or representative.

QUOTATION: Prices quoted are subject to acceptance within 30 days from date of quotation unless otherwise stated. Prices are quoted in CAD unless otherwise stated.

PRICING POLICY: As of April 1, 2006 CES will absorb up to 3% in USD:CAD exchange rate fluctuations. If there is a fluctuation of currency exchanges rates above or below 3%, a price adjustment will be issued with supporting documents associated to the raw material costs along with the total credit/debit amount. These terms are waived if; 1) A deposit structure of more than 25% down is included with the PO, 2) Approval drawings are returned to CES within 30 days of the order being placed, 3) Written permission has been granted by the sales representative waiving the pricing policy before the PO is issued. Please speak with your sales representative for more information.

TERMS: Prices quoted are subject to payment terms from date of invoicing which is issued upon completion of the transformer and submittal of test reports. All overdue accounts will be subject to a pre-determined service charge. Progress Payments may be specified as a condition of sale wherein the dollar value or date of delivery warrants same.

Where the Purchaser is unable to accept delivery this does not affect the payment terms. The Company reserves the right to invoice the goods to the full amount of the order. Additional costs such storage and/or transportation costs that may arise due to the lack of acceptance and postpone date. Standard storage charges are priced at \$350.00 CAD which includes up to 30 days storage.

TAXES: All sales are subject to any taxes applicable at the time of shipment, irrespective of the scheduled shipping date.

SHIPPING DATES: Schedule of shipping dates are tentative and based on certain co-operation from the Purchaser and Company Sub-Contractors. Any time, in excess of 7 days, taken for the normal return time of approval drawings may be added to the tentative scheduled date of shipment. The Company shall not be liable for damages, loss of revenue, etc. by reason of late delivery due to strikes, fires, floods or any other such causes beyond the control of the Company.

WITNESS TESTING: Transformer witness testing dates are typically available five business days prior to the scheduled shipment date unless otherwise expressed in writing. If the purchaser or a third party representative wishes to be present to witness testing or preform mid production inspections a formal request must be provided in writing at the time of placing the purchase order detailing the quality assurance criteria to ensure proper coordination and availability. Some additional charges may apply, extensions made to the delivery date based on scheduling of a witness to be present is not the responsibility of CES and will not result in any form of penalty as such. Please contact your sales representative for more information.

SHIPMENT: Prices may be quoted, "F.O.B. Markham", "Prepaid" or "Included". All special site requirements and limitations must be provided at the time of quotation, pricing may be subject to change if unspecified costs are detailed after the acceptance of the purchase order. The Company shall determine the carrier, routing and method of shipment unless the goods are accepted, "Prepaid" or "Included". "F.O.B. Markham", thereby allows the Purchaser to determine carrier, routing, etc. which must be confirmed by CES in writing to ensure loading capabilities are compatible with CES' facility. It will then be the responsibility of the Purchaser to assume all shipping costs and shipping responsibilities.

WARRANTY: All transformers are guaranteed against defective materials or workmanship for a period of 18 months from the date of shipment, or 12 months starting on the first date of operation, whichever is first. Warranty applies providing such transformers are properly installed, properly protected and operated within the limits of their capacity. Installation, removal from service, and freight charges etc. shall be the sole responsibility of the Purchaser for all warranty claims.

Overloading, improper installation or acts of God negate any Warranty, regardless of the date of shipment.

Wherein the Purchaser deems the warranty to be in effect, said Purchaser must notify the Company immediately of a Potential Claim and under no circumstances take it upon them self to return the goods to the factory without accepting all extra charges incurred. In the event of a warranty claim

end users are required to provide proof of operating conditions specific to lightning, overloads, blackouts, transient voltage, over voltage, frequency, harmonics, loading data, power factors and generator voltage frequency.

LIMITATION OF LIABILITY: The Company's liability for loss or damages on any claim of any kind is limited to an amount equal to the price of the goods and in effect only during the WARRANTY PERIOD as stated above. The Company Shall not be liable for any indirect, special general or secondary consequential damages or claims of third parties whatever the cause. Consequential damage is including but not limited to indirect damage or costs which is not the immediate consequence of a harmful incident, as well as special damage of any nature whatsoever, which includes, among other things, loss of profit, income loss, interruption of operations and/or operational losses, costs related to the replacement of energy supply, increase in costs and/or loss of expected savings on overhead expenses, trading loss, and/or loss of electrical connection, wear and tear and/or cost of capital.

CANCELLATIONS: Orders accepted and acknowledged by the Company are not subject to cancellation or delivery deferment without agreement from the Company at which time the Purchaser agrees to indemnify the Company for all expenses incurred, cancellation costs of components ordered from Sub-Contractors, work done and re-stocking charges. A minimum cancellation charge to be 10% of the value of the order will be made subject to the above. Standard cancellations charges apply as per the below.

- 1) Cancellation after approval drawings being processed and accepted: 15%
- 2) Cancellation after the job has been released with raw materials ordered: 55%
- 3) Cancellation while the job is in process of being manufactured: 75%
- 4) Cancellation after the job has been completed: 100%

TITLE: The title and right of possession of the goods sold shall remain with C.E.S., and such goods shall remain personal property until all payments and assessments shall have been made in full. The Purchaser shall do all that is necessary to maintain that such right and title remains with the Company.

The Purchaser shall also assume all risk of loss or damage incurred after the goods have been delivered and be liable to the Company for costs of same until title has been transferred.