

DRAFT GENERAL SALE TERMS AND CONDITIONS (INSTRUMENT TRANSFORMER DIVISION)

1. PURPOSE

1.1. These General Sale Terms and Conditions (hereinafter, the "Conditions") include the terms and conditions that will apply to all pre-offers, offers, contracts, sale of products and related services (hereinafter, the "Orders"), unless otherwise specified, made by **ARTECHE GAS INSULATED TRANSFORMERS, S.L.U.**, with address at Gerezpea no. 15. 01015 Vitoria, Alava, and with VAT no. B-01468636 (hereinafter, ARTECHE), except for all matters that are expressly agreed in a different way in the corresponding Offer or in the acceptance of the order and that constitute the special conditions of it. Therefore, any other conditions that have not been expressly accepted by ARTECHE have not value, to all intents and purposes and, in the event of a conflict between the stipulations in these Conditions and any other general sales condition to be applied by the Seller, the stipulations set forth in this document will prevail.

1.2. It will be considered that these Conditions have been notified to the Buyer from the moment when it is notified of the website where they are or receives an Offer from ARTECHE accompanied by these Conditions. Alternatively, they will be considered as notified if the Buyer previously received them in the course of its commercial relations with ARTECHE, considering in all these cases accepted by the Buyer, for all intents and purposes, when it makes its order.

1.3. ARTECHE may modify these Conditions at any time, notifying the Seller. This modification will be understood to be accepted in the same way as these conditions.

2. ACCEPTANCE AND VALIDITY

2.1. The period of validity of the Offers made by ARTECHE will be thirty (30) days starting from sending them, unless otherwise expressly indicated in the documentation sent to the Buyer.

2.2. All Offer orders have to be made in writing and will be accepted subject to these Conditions.

2.3. After the Buyer has made the order, ARTECHE will send an e-mail including the (i) "Order Acceptance Sheet" that will include its basic conditions, and (ii) these Conditions. After a maximum period of 8 days, 3 days for Medium Voltage without the "Order Acceptance Sheet" and other documentation having been excluded, it will be considered that the order has been accepted and it will be subject to this Contract.

2.4. Everything that is not considered in the initial order made by the Buyer will be understood to not be included in it, and therefore will be expressly excluded from the order made and accepted.

2.5. ARTECHE expressly reserves the right to introduce the necessary changes in the order, derived from technical reasons. These changes will be appropriately notified to the Buyer who will have 3 (three) days to reject them, after which the changes will be considered as accepted.

2.6. The Buyer can find a copy of these General Sale Conditions in ARTECHE's website, www.artech.com.

3. DELIVERY DATE

3.1. Unless otherwise expressly specified in the order acceptance, the product or equipment will be delivered EX WORKS (Incoterms CCI, 2010) and the delivery date will be understood from their being made available to the Buyer.

3.2. Unless otherwise specified in the Offer, all the established delivery or finalisation dates will be understood from the date on which ARTECHE has all the technical and commercial data necessary for starting the order, and these will have to be considered as mere estimates that do not entail any contractual obligation whatsoever.

3.3. ARTECHE does not guarantee delivery on the foreseen date, and therefore will not have any responsibility if there are causes, attributable to the Buyer or to third parties, that lead to a delay in the delivery.

3.4. The Buyer will also be obliged to clearly establish and identify the data of the addressee, and on the contrary the delivery will be

considered validly made in the place that figures on the "Order Acceptance Sheet".

3.5. Delays in delivery times will not authorise the Buyer to request any compensation for damages as a penalty, unless otherwise expressly agreed.

3.6. Changes in the original order will involve the revision of the prices and delivery time. These changes should be agreed in writing by both parties before they come into force.

3.7. ARTECHE may make partial deliveries, except when other conditions are explicitly agreed. If the delivery is made partially, the Buyer cannot totally terminate the contract in the event of the lack of delivery of one or several instalments.

4. PRICE

4.1. The price that the Buyer has to pay for each of the orders made will be established on the "Order Acceptance Sheet", and will be paid in the form and term foreseen on said acceptance sheet.

4.2. Except when agreed otherwise, our prices will be understood as net and do not include (i) value added tax, (ii) any other type of similar tax, (iii) the packaging of the material ex Works and (iv) any other type of tax or similar charges applicable outside Spain regarding the execution of the contract.

4.3. Prices correspond to goods delivered EX WORKS, except when expressly agreed otherwise.

4.4. The invoice may be issued electronically in accordance with the stipulations set forth in article 4.1. paragraph 3 of Act 3/2004 of 29 December establishing measures to combat late payment in commercial operations. The invoice may be issued before the delivery of the order, although its payment period will not start until the goods have been received. (Applicable to Medium Voltage)

4.5. If the order is finished at the agreed delivery date, but cannot be received or sent for reasons out of ARTECHE's control, the invoice will be issued on that date, and its payment period will start from that moment.

4.6. The agreed price of the order may be revised and changed as result of any change to the initial order and treated as described in clause three.

5. INVOICING

5.1. The invoice may be sent electronically as provided for in Article 4.1. paragraph 3 of Law 3/2004 of 29 December, which establishes the measures for combating late payments in commercial operations. The invoice may be sent prior to the delivery of the order, although the payment period for the order shall not begin until the merchandise has been received.

5.2. In the case that the order is completed on time and is ready for delivery, but cannot be received or sent for reasons beyond the control of ARTECHE, the invoice will be issued and its payment period will begin on that date.

6. PAYMENT

6.1. Payment must be made in a maximum period of thirty (30) days, in accordance with the stipulations set forth in the aforementioned Act 3/2004, from receiving the invoice, as long as the order has been delivered, in accordance with the delivery and delivery time criteria established in sections three and four.

6.2. If the characteristics of the order were to make sending additional personal guarantees necessary, ARTECHE will have the right and the Buyer expressly accepts this, to ask for these sufficient additional guarantees to cover the risk of the order.

6.3. If the Buyer should incur delays in the agreed payments (including the deposit, if any), ARTECHE may provisionally or definitively suspend, at its discretion, the manufacture or shipment of the material or equipment included in the bid, without prejudice to requiring the

DRAFT GENERAL SALE TERMS AND CONDITIONS (INSTRUMENT TRANSFORMER DIVISION)

Buyer to make the late payments and claiming additional compensation as appropriate for this suspension.

7. STORAGE IN FACTORY

7.1. When the orders have been finished, they cannot stay in ARTECHE's warehouses for over three weeks.

7.2. In the event that for reasons not attributable to ARTECHE, the orders exceed this period, this service will entail a cost of 12 Euros per week for storage and cubic metre.

7.3. In any event, the maximum storage time will not exceed six months starting from when the order has been finished, from when on, ARTECHE will not be responsible for the integrity of the equipment located in its facilities, although this does not exclude the obligation of payment by the Buyer.

8. PENALTIES

8.1. If the Buyer were to be late paying the invoices issued by ARTECHE, exceeding the maximum term in the fifth clause herein, ARTECHE will have the right to apply a penalty as interest for late payment. This penalty will be established for each day of delayed payment and will be the sum of the interest rate applied by the European Central Bank to its most recent main refinancing operation carried out before the first calendar day of the half-year in question, plus eight (8) percent.

8.2. The interest rate applied by the European Central Bank to its main refinancing operations will be understood as the interest rate applied to such operations in the case of fixed-rate tenders. In the event that a main refinancing operation was conducted according to a variable-rate tender procedure, this interest rate refers to the marginal interest rate which resulted from that tender. The legal interest rate for late payment, determined in accordance with the stipulations set forth in this section, will be applied during the six months following its establishment.

9. CANCELLATION OF THE ORDER

9.1. In the event of the Buyer cancelling the order, and for reasons beyond ARTECHE's control, when this contract has entered into force, the amount to be paid will depend on the status of the order, and the following valuation will be applicable:

- Up to 10% of the delivery period: no amount will be required to be paid, as long as the material purchased for the order represents less than 10% of its total.
- Between 10% and 30% of the delivery period: 20% of the value of the order.
- Between 30% and 50% of the delivery period: 50% of the value of the order.
- More than 50 % of the delivery period: 100% of the value of the order.

10. DOCUMENTATION

10.1. ARTECHE will supply a maximum of one original and two copies of the following documentation (as appropriate) in standard format with each order:

- Order acceptance.
- Written description of the technical characteristics of the equipment.
- Diagram of the overall dimensions.
- Standard rating plate.
- Electrical connection diagrams.
- Diagram of the secondary terminal box.
- Routine testing protocol.
- Packing list or delivery note.
- Commercial invoice.

10.2. If additional documentation to that required in the previous list is required, the Buyer must request this in writing to ARTECHE, and this

documentation will be provided, invoiced and paid separately from the order.

10.3. Technical documents such as drawings, descriptions, reproductions, as well as eventual weight indications, are only approximate, except when ARTECHE makes them compulsory.

10.4. Regarding each Order, any information that might be known either by ARTECHE or by the Buyer in this Contract, in any type of means, format or support, including verbally or by its own inspection, direct or indirectly, is considered "confidential information" and is Owned by the party that provides the information. This confidentiality obligation will be applicable for a maximum period of five years after making or cancelling the order whatever the reason.

10.5. The breach of this clause by either of the parties will give the other the right to request the corresponding compensation for damages that the unauthorised use of the "confidential information" might have given rise to.

11. RECEPTION

11.1. Each of the elements included in each of the orders will be totally tested before their delivery in ARTECHE's laboratories, and the corresponding routine test certificates will be issued according to the test standards established in the order. These tests will not include individual tests on each of the devices or parts supplied by third parties to ARTECHE that at the same time make up the elements of each order.

11.2. Except for special conditions, inspection by the Buyer or by its delegate of the goods to be supplied will be carried out in ARTECHE's workshops and only when this has been expressly agreed. In this inspection, repeating tests will be carried out on a maximum of 10% of the order units or a maximum of one unit of each type.

11.3. Inspection of the goods is a service not included in the price of each order and therefore will be budgeted and invoiced separately in addition to the price of the order. Furthermore, the inspection carried out will not give the Buyer the right in any event to reject or withdraw from the order, unless when protected by the express specifications in this Contract.

12. TYPE TESTS

12.1. ARTECHE may provide, upon request of the Buyer, type tests certificates for identical or similar units to those ones that make up where appropriate each of the elements included in each order, as well as calculations for justifying the suitability of the presented certificates. These certificates can be issued from the ARTECHE's own laboratory or by independent laboratories.

12.2. The type test certificates, by their very nature, may vary slightly with regard to the product finally delivered, and this will give the Buyer no right to any claim.

12.3. Carrying out type or special tests will not be included in the supply and will be budgeted and invoiced separately, unless an express agreement otherwise exists.

13. PACKAGING

13.1. If the package is included in the delivery conditions, ARTECHE will choose the most suitable for each delivery, based on the data provided by the Buyer when it requested the quotation. The description of the package will be given by the packing list both in the quotation and in the order.

13.2. If modifications were to be made in the order that affect the type of packaging, the cost arising from these have to be paid by the Buyer.

13.3. The price of the packaging includes ARTECHE's standard marking: Din A-4 size plasticised label indicating the contents of the box, delivery address and marks (free text defined by the Buyer).

13.4. ARTECHE guarantees our standard packages for at least six months for outdoor storage. If the Buyer were to have more

DRAFT GENERAL SALE TERMS AND CONDITIONS (INSTRUMENT TRANSFORMER DIVISION)

requirements or were to require a specific type of packaging, this must be expressly consulted.

13.5. If the Buyer were to require a specific type of packaging, this must be expressly consulted when the order is made. ARTECHE expressly points out that indoor transformers must never be stored outdoors, and ARTECHE is exempted from any liability derived from the incorrect operation of a transformer resulting from it incorrect packaging and/or storage.

13.6. For a correct environmental management of waste packaging or used packaging, the end user will be responsible for it, who should follow local current legislation. ARTECHE is exempted from any responsibility for the environmental management of the waste of the packaging or of the used packaging and this is the exclusive responsibility of the Buyer in all cases.

14. RISK

14.1. Unless expressly established otherwise, the product or equipment will be delivered EX WORKS (Incoterms CCI, 2010). The risk of loss or damages to the goods, property, insurance policies, etc., will be interpreted in accordance with the Incoterm, except when this opposes the stipulations in the Offer.

14.2. Transport, packaging and handling costs will be paid by the Buyer in accordance with ARTECHE's applicable rates.

15. CLAIMS

15.1. Claims will only be accepted when they figure on the haulage contractor's delivery note and only when ARTECHE is responsible for the transport. If there is no reservation on the delivery note, it is considered that the delivery of the goods or equipment has been made without any problem, has not suffered any loss or damage and consequently, that the goods are in ideal conditions.

In the event of a claim, this must be made according to the following periods:

a. Obvious damage, at the moment of the delivery At the moment of the receipt of the goods, the Buyer must indicate in the transport document (CMR in case of land transport, BIL in case of sea transport and AWB in case of air transport) this damage and send, if it is possible, photographs of the incident.

b. Hidden damage, during the 7 days after the delivery date.

15.2. These claim periods will be applicable as long as the damages do not occur as a result of unforeseeable circumstances or force majeure, fraud or incorrect use of the products by the Buyer.

15.3. The established periods cannot be extended and the Buyer will lose its right to make any claim whatsoever if they are not observed.

15.4. It will be considered to all intents and purposes that the goods or equipment have been received by the Buyer if, having agreed on reception tests, the latter are not carried out in the stipulated period for reasons not attributable to ARTECHE or if the Buyer starts to use the goods or equipment.

16. GUARANTEE

16.1. ARTECHE guarantees the products it has supplied against material, manufacturing and assembly defects for a period of 24 months from their delivery or a maximum of 18 months from their commissioning, whichever comes first.

16.2. The warranty may be extended upon request by the buyer if expressly accepted by ARTECHE. The corresponding payment will condition the warranty extension up to a maximum of 30 months from delivery or a maximum of 24 months from the date of commissioning, whichever comes first. An additional 3% will be added to the budgeted amount for this extension.

16.3. The following cases will be expressly excluded from the guarantee:

- Materials Supplied by ARTECHE, but which have not been manufactured by it, will have the guarantee offered by their manufacturer.
- ARTECHE's guarantee will be excluded when, without ARTECHE's express authorisation, the material is changed or repaired by people who do not work for ARTECHE.
- The cases of undue storage or use of the products by the Buyer or by people who work for it will be excluded from the guarantee.
- Handling, transformation, placing or laying out the products delivered without the prior written authorisation of ARTECHE will also be excluded.
- Finally, breakdowns due to normal use out of the guarantee period or misuse, carelessness or negligence of the user are also excluded.

16.4. The guarantee is limited to replacing or repairing (up to ARTECHE) the faulty part, which will be supplied in the same conditions as the original order, and will have the same guarantee period, starting from the date of its repair or replacement. The repair or replacement of a faulty part will not change the starting date of the guarantee period of the overall manufactured equipment or product, which will be the one indicated in section 15.1.

16.5. It will be supplied without any cost for the Buyer, as long as it shows that the fault or breakdown has occurred during the guarantee period and due to a defect, or fault or error in the design or the manufacturing process, and in the equipment that has been transported, handled and used as per ARTECHE instructions. ARTECHE does not assume any other cost due to a fault.

17. INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS

17.1. Nothing foreseen in this Agreement implies an intention of the parties to transfer to the other its Industrial and Intellectual Property rights. ARTECHE expressly reserves the Industrial and Intellectual Property right on all the Trade Marks and Names, Industrial Designs, Patents and Utility Models and Topographies of Semiconductors, that it owns, considering but not limited to all the plans, drawings and projects that have been made by ARTECHE's technicians and of those that the Buyer has been made aware about by any means.

17.2. The elements included in the orders, the Industrial and Intellectual Property rights of which on all the Trade Marks and Names, Industrial Designs, Patents and Utility Models and Topographies of Semiconductors, that it owns that are from third parties outside ARTECHE, will continue to be of the third parties.

17.3. If the order were to entail on ARTECHE's part or on the part of third parties outside it the development of any type of design activity, the intellectual and industrial property rights on them that might exist will be owned by ARTECHE or the third party, which in this case is applicable in accordance with Legislative Royal Decree 1/1996 of 12 April, Act 17/2001 of 17 December and Act 11/1986 of 20 March.

17.4. This agreement does not award either any right on the "Confidential Information", unless expressly specified in this Agreement.

18. DATA PROTECTION

18.1. If during the provision of the service by ARTECHE it has to access the personal data owned by the Buyer, it will have at all times the consideration of "Data Processor", and it cannot use this data for purposes not authorised in writing by the Buyer.

18.2. The Buyer's data that might become known by ARTECHE will be included in a file called Buyers-Suppliers, registered in the Registry of the Spanish Data Protection Agency, the Manager of which is ARTECHE.

18.3. In any event, ARTECHE will apply the safety measures detailed in Royal Decree 1720/2007, of 21 December, approving the Regulation implementing Organic Act 15/1999, of 13 December, on Personal Data Protection.

DRAFT GENERAL SALE TERMS AND CONDITIONS (INSTRUMENT TRANSFORMER DIVISION)

18.4. In any case, you may freely exercise your right of access, rectification, cancellation and opposition by writing to **ARTECHE GAS INSULATED TRANSFORMERS, S.L.U.**, with address at Gerezpea no. 15. 01015 Vitoria, Alava, and with VAT no. B-01468636, indicating in the communication the subject L.O.P.D. (Personal Data Protection Act).

19. FORCE MAJEURE

19.1. If ARTECHE is totally or partially prevented from complying with its contractual obligations, due to Force Majeure, the compliance of the affected obligation(s) will be suspended, without any liability for ARTECHE, for the time that is reasonably necessary according to the circumstances. In this case, the execution time will be extended for a period of time equivalent to that in which the affected execution has been suspended.

19.2. Force Majeure will be understood to be any cause or circumstance beyond the reasonable control of ARTECHE, included but not limited to, strikes of suppliers, transport and services, failures in the supplies of third parties, failures in the transport systems, natural catastrophes, floods, storms, riots, strikes, labour conflicts, stoppages of ARTECHE or subcontractor staff, sabotages, acts, omissions or interventions of any type of government or their agencies, accidental stoppages in ARTECHE's workshops due to breakdowns, etc., and other causes of force majeure considered in current legislation directly or indirectly affecting ARTECHE's activities.

19.2. This clause will also apply to any supplier, stevedore, hauler or other third party that takes part in any of the phases of the order, on behalf of or by ARTECHE, in which case this suspension will be applied in the same terms.

19.3. In the event of the compliance of the contractual obligations being suspended or delayed for the reasons included in this clause for over one hundred and eighty (180) consecutive calendar days, either of the parties may terminate the contract regarding the goods not delivered yet to the Buyer. In the event of such a cancellation, neither of the parties will have any right to compensation, but all payments before undelivered goods will be paid and the goods being transported will be returned.

20. DOMAIN RESERVE

20.1. Until the full payment of the amount owed by the Buyer is paid, the latter will be a mere depository, and this does represent any exoneration whatsoever derived the possessory delivery and transport regime and from the risk according to the specifications in the third and tenth clause of this contract.

20.2. ARTECHE will maintain the ownership of the goods delivered until the Buyer has totally paid the price of the supplied goods. If this payment is not made on the agreed date, ARTECHE will have the right to recover all the unpaid goods in the possession or control of the Buyer and ARTECHE will also have the right to access any facility where the goods are stored to remove them.

20.3. If the Buyer were to process, mix or handle the unpaid goods in any way to form part of a new object, ARTECHE proportionally owns the value of the unpaid goods in that new object until it has been fully paid for the original goods. If the Buyer were to sell any unpaid goods, or a new object made via it, the Buyer assigns from this moment the corresponding proportion of its right against the third part, and which will be equivalent to the debt for the unpaid goods.

21. COMPLETE AGREEMENT

21.1. This agreement, its attachments and appendices (for example order and specifications acknowledgement of receipt) accepted in writing, contains the complete agreement between the parties. Consequently, this agreement replaces all prior and contemporary negotiations, undertakings and agreements between the parties, in writing or oral, regarding the goods considered in this agreement.

21.2. Without prejudice to one or more of the clauses contained in this contract being declared null or not executable by any Court or Tribunal, the rest of the conditions will continue to be valid and executable as if the above conditions will be ignored on the date that they must have been complied with.

21.3. Any notification or claim related to this contract must be made in writing.

22. CAUSES FOR TERMINATION

22.1. ARTECHE may terminate this Contract partially or totally, without prejudice to other rights that might protect it, by a written notification sent to the Buyer, in the following case:

- If the Buyer were to fail to comply with its contractually foreseen obligations and it does not rectify this situation in the maximum term of seven (7) days from the receipt of the corresponding claim notification.

22.2. In the case of termination due to any of the previous cases, ARTECHE will be authorised to claim all costs or damages it incurs in as a result of the termination of the contract, including general expenses and loss of earnings from the Buyer. Any payable amount will be required, and the return of any already paid advance or amount will not be applicable, and unpaid goods must be immediately returned to ARTECHE, regardless of wherever they are, at the expense of and at the risk of the Buyer.

23. LIMITATION OF LIABILITY

23.1. Under no circumstance will ARTECHE be liable for the damages derived from loss of earnings, loss of income, production or use, capital costs, inactivity costs, delays and claims from the Buyer's customers, or, in general, for any special damages, indirect or consequential or losses of any kind.

23.2. ARTECHE's liability will be limited by the maximum of the amount the order amounts to, and in no event, and even when this liability were considerable, the compensation to be received by the Buyer cannot exceed the established limit. This limitation will prevail over any other contents in any other contractual document that contradicts or is inconsistent with it, except when it restricts ARTECHE's responsibility even more.

23.3. ARTECHE will not be liable for any claim whatsoever, if the notification is made after over one year starting from the date on which the risk of the goods was transferred to the Buyer in accordance with the stipulations set forth in this contract.

24. LIMITATION OF EXPORTS

The Buyer acknowledges that the products supplied by ARTECHE may be subject to local or international provisions and regulations regarding export control and, without the authorisations for exporting or re-exporting from the competent authorities, the supplies cannot be sold, or rented or transferred or used for any reason other than that agreed. The Buyer is responsible for complying with these provisions and regulations. The products supplied cannot be used directly or indirectly related to the design, production, use or storage of chemical, biological or nuclear weapons or for their transport systems. Supplies cannot be used for military or nuclear applications without the prior written agreement of the Seller.

25. APPLICABLE LAW AND JURISDICTION

25.1. This contract will be governed in all cases by the legal regulations of the Spanish State, expressly excluding any effect on the Laws of the Vienna Convention of 11 April 1980, on international sale of goods contracts.

25.2. Any discrepancies, interpretations or lawsuits that might arise from the interpretation of these Conditions, both parties, excluding any rules and regulations in conflict with applicable Law and expressly

DRAFT GENERAL SALE TERMS AND CONDITIONS (INSTRUMENT TRANSFORMER DIVISION)

waiving their own jurisdiction, expressly and voluntarily agree to submit themselves to the Courts and Tribunals of the city of Bilbao, also renouncing the stipulations set forth in Regulation no. 593/2008 of 17 June of the European Parliament and Council on Law applicable to contractual obligations.