

## TRANSLATOR'S NOTES

### BOTH DOCUMENTS

1. Capitalization of terms and other formatting aspects are not entirely consistent in these documents.
2. "principal document" (also "Principal Document") presumably means the body of the respective contracts, but the term is not defined.
3. "designate" ("designar") could probably also be "appoint" in most cases. It was thought that "designate" might be preferable as being closer to the Spanish.
4. "planos" has been translated as "plans," but could probably be "drawings" in most cases. However, the term "dibujos" is also used, which is "drawings" (or possible "sketches").
5. Both documents provided for "provisional acceptance" ("aceptación provisional") and "final receipt" ("recepción definitiva"). The term "recepción" is more commonly used in Latin American legalese, and probably means "acceptance." However, the writers use the different terms, so the distinction is preserved for whatever effect might be intended. Finally, one might wonder whether "provisional receipt" and "final acceptance" might be the more logical combinations, but that is not what is used in these documents.

### CONDICIONES\_ESPECIALES\_DEL\_CONTRATO\_DE\_OBRA\_Eng

1. **General:** The title literally refers to a "work contract" ("contrato de obra") but the text itself appears to cover "construction" contracts. "obra" is a very broad term generally covering the provision of both goods and services, and often the result, the "works."
2. **General:** The document refers to "OBRA," "obra" and "trabajos," all literally meaning "work."
3. **Clause 5:** "final plans" could be "as-built drawings."
4. **Clause 31, p) 5 and 13, numbers 2 and 3:** It is not clear what the difference between "extra" and "additional" is. The former may mean "more of the same type" and the latter "more of a different type."
5. **Clause 36:** It is not clear how the 5-day and 15-day periods in the last two paragraphs are consistent.

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### CONDICIONES\_ESPECIALES\_DEL\_CONTRATO\_DE\_SUMINISTRO\_Eng

1. **Clause 8:** It is not clear why the heading refers to a "delivery schedule" ("Programa de Entrega") while the body of this clause refers to a "work schedule" ("programa de trabajo"). The term "work" ("trabajo") seems more appropriate for the other document.

## **FIRST CLAUSE: OBJECT**

CONTRACTOR agrees to execute for CORPOELEC at all costs, at its exclusive account and with its own elements the work of "ENGINEERING, ASSEMBLING, INSTALLATION, TESTS, CONNECTION AND STARTUP OF TWO (2) GENERATOR EQUIPMENTS MANUFACTURED BY GENERAL ELECTRIC MODEL 7EA IN THE FACILITIES OF ENELVEN AT THE THERMOELECTRIC COMPLEX GENERAL RAFAEL URDANETA IN MARACAIBO EDO. ZULIA" with power output and heat rate equivalent to ninety percent (90%) of the ISO power corrected for the equipment installation site conditions, which henceforth will be called THE WORK, which shall be executed with the quality, the technical specifications, conditions, prices and deadlines established in this Agreement.

## **CLAUSE TWO: SCOPE OF WORK**

The scope of work includes the following activities:

- Location of equipment (layout).
- Conformation of the soil.
- Development of engineering, procurement and construction of foundations, pipes, drains and connections to the main and auxiliary equipment of TWO (2) TURBO GENERATOR UNITS MODEL GE 7EA .
- Development of engineering, procurement and construction of piping, equipment, stands, accessories for the proper installation and mechanical assembly of TWO (2) TURBO GENERATOR UNITS MODEL GE 7EA.
- Development of engineering, procurement and construction for proper electrical wiring, power, control, instrumentation and lighting of TWO (2) TURBO GENERATOR UNITS MODEL GE 7EA.
- Development of engineering, procurement and construction of piping, equipment, bearings, accessories, for the proper installation of fire fighting system of TWO (2) UNITS TURBO GENERATOR MODEL GE 7EA.
- Installation, Connection, Testing and Start Up.
- Training and personnel training.

In general, within the scope previously established, the CONTRACTOR shall perform the necessary work for the proper execution of the Work in a comprehensive way, in accordance with specifications, standards and ultimately, good engineering practice.

### **THIRD CLAUSE: DOCUMENTS THAT ARE PART OF THE CONTRACT**

The following documents are part of the Contract:

1. This instrument called the "Main Document".
2. The Special Contract Conditions for Works of CORPOELEC.
3. CORPOELEC's General Terms and Conditions.
4. The final scope of work defined between CORPOELEC, ENELVEN and CONTRACTOR on July 10, 2009
5. The Offer of the CONTRACTOR dated 28 July 2009.

All documents that are part of the Contract are mutually complementary. Therefore, it should be interpreted that what has been agreed or stipulated in any of them, is considered, without proof to the contrary, binding for the parties and mandatory as if it were stipulated in all.

In case of contradiction among the provisions of the documents that conform the Contract, the terms of the above-mentioned documents shall apply the with the priorities established in the order they were mentioned in this clause: 1, 2, 3, and 4.

Any other documents and in general any other Contract Conditions not specifically mentioned in this clause, do not have the character of documents of the Contract, and therefore, its provisions are not applicable.

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### **CLAUSE FOUR: TIME LIMIT FOR COMPLETION**

The deadline for execution of Work under this Contract is set out in the CONTRACTOR's tender dated 28 July 2009, from the date of execution of the Notice to

Proceed, and may be extended for a reasonable period, provided there are circumstances beyond the CONTRACTOR's control that at CORPOELEC's judgment so advise.

**CLAUSE FIVE: TIME FOR THE COMMENCEMENT OF THE WORK**

The CONTRACTOR shall commence the execution of the work after the execution the Notice to Proceed, which will be signed within a maximum of five (5) business days after the execution of the Contract.

**SIXTH CLAUSE: PRICE OF THE WORK**

The total price of the Work is the amount of FIFTY ONE MILLION EIGHT HUNDRED THOUSAND UNITED STATES DOLLARS (USD 51.800.000,00), that for the purposes of complying with the provisions of Article. 118 of the Law of the Central Bank of Venezuela, and having used an exchange rate of TWO BOLIVARS FIFTEEN CENTS (Bs. F. 2.15) is equivalent to the amount of ONE HUNDRED ELEVEN MILLION THREE HUNDRED SEVENTY THOUSAND BOLIVARS 00/100 (Bs. F. 111.370.000.000,00) for the foreign component, plus the amount of NINETEEN MILLION SEVEN HUNDRED EIGHTY THOUSAND BOLIVARS (Bs. F. 19.780.000,00) for the national component, within which are included costs of Nationalization, Engineering and Labor, plus the additional amount of TWO MILLION THREE HUNDRED SEVENTY THREE THOUSAND SIX HUNDRED BOLIVARS, ( Bs. F. 2.373.600,00), for Value Added Tax (VAT), so that the total estimate of the amount of the Contract adds to ONE HUNDRED THIRTY THREE MILLION FIVE HUNDRED TWENTY-THREE THOUSAND BOLIVARS (Bs F. 133.523.600,00), proposed by the CONTRACTOR and accepted by CORPOELEC.

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Price is subject to increase or decrease, if changes in the variation of the quantities of work that ultimately performs the Contractor, with CORPOELEC's authorization. The necessary adjustments will be made based on the provisions in Clauses INCREASE OF WORK AND SPECIAL WORKS AND INCREASE OR DECREASE OF THE

QUANTITIES OF WORK, of CORPOELEC'S General Conditions for Contracting, as applicable.

**SEVENTH CLAUSE: GUARANTEES**

To secure the obligations under this Contract, CONTRACTOR shall submit the following Bonds, duly notarized and issued by Insurance or Banking institutions located in Venezuela, and registered with the Superintendence of Banks or with the Superintendence of Insurance, or with the National Society of Reciprocal Guarantees for Small and Medium Industries, as the case may be, to the satisfaction of CORPOELEC.

❖ **Advance Payment Bond:**

As a requirement for the Advance Payment, CONTRACTOR shall submit an Advance Payment Bond for an amount equal to fifty percent (50%) of the imported component, that is TWENTY-FIVE MILLION NINE HUNDRED THOUSAND UNITED STATES DOLLARS (USD 25.900.000,00) and fifty percent (50%) of the total national component amount equivalent to NINE MILLION EIGHT HUNDRED AND NINETY THOUSAND BOLIVARS (Bs F. 9.890.000,00). Such bond shall guarantee CORPOELEC the repayment of the advance payment that is given to CONTRACTOR to comply with the implementation of the object of this Contract, in case CONTRACTOR breaches the terms of this Agreement.

Such Bond will take effect from the date the CONTRACTOR receives the aforementioned advance payment and shall remain in force until it has been repaid as follows:

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- ~~TWENTY-FIVE MILLION NINE HUNDRED THOUSAND UNITED STATES DOLLARS (USD 25.900.000,00) and NINETY-NINE MILLION EIGHT HUNDRED THOUSAND BOLIVARS (Bs, F. 9.890.000,00) with~~

the presentation of the Memorandum of Completion of Civil Works, Assembly and Electro Mechanical Installation.

❖ **Performance Bond:**

CORPOELEC and CONTRACTOR have agreed to replace the Performance Bond with a deduction of 10% in each of the payments. This retention shall be released when the Memorandum of Provisional Acceptance of the Work contracted is issued, to the satisfaction of CORPOELEC and against the submittance of the Performance Guarantee.

❖ **Performance Guarantee:**

With the Provisional Acceptance of the Work and as a prerequisite for CORPOELEC to reimburse the 10% retained as a performance bond, CONTRACTOR shall submit a bond in an amount equal to ten percent (10%) of the updated amount of the Contract, and in the terms provided in this literal, to ensure CORPOELEC at the date of executing Memorandum of Provisional Acceptance of the Work, both the high quality of the materials and equipment used, as the proper performance of the object of the Contract, as well as the fulfillment of any other obligation arising from the documents that conform this Contract. If during the term of this Bond, the Work, the equipment or materials supplied have faults that require its replacement or repair, CONTRACTOR will replace or repair, as appropriate, at his expense such equipment or materials and will provide one additional Performance Bond to CORPOELEC for ten percent (10%) of the value of the equipment, works or materials repaired or replaced. The Performance Guarantee shall be released after the Memorandum of Final Acceptance of the Work has been executed, which will occur a year after the signing of the Memorandum of Provisional Acceptance.

❖ **Labor Warranty:**

CORPOELEC and CONTRACTOR have agreed to a deduction of 10% of the amount of labor included in the cost structure of its Offer, that is, the amount of four hundred and ninety-four thousand five hundred Bolivars (Bs. F. 494,500, 00) to ensure payment of the obligations that may be pending from the CONTRACTOR by way of all obligations arising from the implementation of Labor Laws, decrees, regulations and other acts that directly or indirectly establish obligations for CONTRACTOR. This deduction shall be retained from the advance payment and will be released 6 months counted from the date of execution of the Memorandum of Final Reception of the Work, to the satisfaction of CORPOELEC, upon submittance of the Labor Certificate issued by the Labor Inspectorate of the corresponding jurisdiction, where it declares that there are no claims from any of the workers against the CONTRACTOR, based on contracted labor relations during the execution of the Work contracted.

The amount of bond may be reviewed and must be covered by the CONTRACTOR if the cost of labor is increased beyond what was initially estimated.

The cost of the bond is considered included in the Offer submitted by the CONTRACTOR.

❖ **Civil Liability Insurance Policy:**

CONTRACTOR must present prior to the signing of this Agreement and maintain in force a civil liability insurance policy and damage to equipment and facilities for third parties, for an amount equal to ten percent (10%) of the amount of the Contract, that is, for the amount of THIRTEEN MILLION THREE HUNDRED FIFTY TWO THOUSAND THREE HUNDRED SIXTY BOLIVARS (Bs. F 13.352.360,00), to ensure any liability and damage to facilities and equipment of third parties that might arise during and after the execution of the Work contracted.

This policy will be released within six (6) months following the execution of the Memorandum of Provisional Acceptance of the Work, to the satisfaction of CORPOELEC, provided there are no pending claims.

**CLAUSE EIGHT: TERMS OF PAYMENT**

CORPOELEC pay CONTRACTOR as follows:

The total amount of the Contract will be paid by CORPOELEC to the CONTRACTOR, after verifying the fulfillment of the obligations assumed by CONTRACTOR in this Agreement, as follows:

**a) FOR THE MATERIAL AND EQUIPMENT FROM ABROAD:**

A.1 Fifty percent (50%) of imported component that is TWENTY-FIVE MILLION NINE HUNDRED THOUSAND UNITED STATES DOLLARS (USD 25.900.000,00), payable in foreign currency, via bank transfer, in favor of CONTRACTOR as advance payment, after the execution of the Agreement, upon presentation of the Advance Payment Bond for the same amount, to ensure proper return of the amount given as advance payment in the understanding that for the purposes of this Agreement, the deduction will be made on the valuations that apply, which will happen after the reception of materials and equipment at the site of the Work, as provided in this Instrument and the corresponding invoice, duly approved by CORPOELEC's Contract Management Unit.

A.2 fifty percent (50%) of imported component that is TWENTY-FIVE MILLION NINE HUNDRED THOUSAND UNITED STATES DOLLARS (USD 25.900.000,00), payable in currency, via bank transfer to the CONTRACTOR's name in U.S. Dollars, upon presentation of the following documents.

- TWELVE MILLION NINE HUNDRED FIFTY THOUSAND UNITED STATES DOLLARS (USD 12.950.000,00) with the execution of the



Memorandum of Completion of Civil Works, Assembly and Electro Mechanical Installation.

- SEVEN MILLION SEVEN HUNDRED SEVENTY THOUSAND UNITED STATES DOLLARS (USD 7.770.000,00) with the execution of the Memorandum of Provisional Acceptance of Civil Works, Assembly and Electro Mechanical Installation, issued by CORPOELEC.

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- FIVE MILLION ONE HUNDRED EIGHTY THOUSAND UNITED STATES DOLLARS (USD. 5.180.000,00) with the execution of the Memorandum of Nominal Operation of equipment or sixty (60) days from the Inspection (whichever occurs first) of two (2 ) GE 7EA equipment to be installed in the General Rafael Urdaneta Thermoelectric Complex located in La Cañada in Zulia State.

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~~Any other document subsequently required, prior agreed by~~  
~~CORPOELEC and CONTRACTOR.~~

~~A.3 It has been agreed to withhold ten percent (10%) of the total amount of each of the payments provided for in literals A1 and A2. abovementioned, replacing the Performance security.~~

**b) FOR NATIONALIZATION EXPENSES.**

CORPOELEC will reimburse to CONTRACTOR the real costs of custom taxes, TSA customs duties, import duties and VAT, of any parts, materials and equipment from foreign origin to be delivered under this Agreement, except that CORPOELEC decides to make the process of nationalization, giving prior notice to CONTRACTOR.

It is importantly to indicate that CORPOELEC will only accept:

- For the nationalization of the equipment with Customs Broker hired by the Supplier, the same % that CORPOELEC pays its customs agents, or CORPOELEC will contract the services.
- If a Warehouse is required, the % that that CORPOELEC pays for storage or CORPOELEC will contract the services.

To comply with Act 4908 and Section 91 of LOA, it is required that the supplier presents the documents required by the Customs Management with 30 business days prior to the arrival of the goods to Venezuela, in order to begin the process of application for Certificate of Capital Assets and Tax Exemption. If the CONTRACTOR submits these documents at a later date to those thirty days, that is, with less time to complete the formalities for exemption if it applies, it shall bear all expenses incurred by this delay in granting Certification and Release, such as: Storage, Container delay, fines in the cases that apply, default interest and so on, coupled with taxes that could be exonerated.

The approval or rejection by CORPOELEC or its representative, as applicable, of the invoices and supporting documents submitted by the CONTRACTOR as indicated in Sections I and II, this Provision shall be made within fifteen (15) calendar days of their submission. If such approval or rejection is not made within the period aforesaid shall be deemed that the documentation has been filed under, as long as the billing in question complies in all respects with the provisions of this Agreement.

c) FOR MATERIAL AND EQUIPMENT FOR NATIONAL ORIGIN, AS WELL AS THE NATIONAL LABOR.

A.1 Fifty percent (50%) of the total amount of the national component equivalent to NINE MILLION EIGHT HUNDRED NINETY THOUSAND BOLIVARS (Bs. F. 9.890.000,00) as an advance payment in Bolivars, via bank transfer or check payable to CONTRACTOR, after execution of the Contract, upon presentation of the Advance Payment Bond for the same amount, to ensure proper return of the amount given as

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advance payment and the corresponding invoice, duly approved by the authorized persons of CORPOELEC.

A.2 Fifty percent (50%) of the total amount of the national component equivalent to NINE MILLION EIGHT HUNDRED NINETY THOUSAND BOLIVARS (Bs. F. 9.890.000,00) with the execution of the Memorandum of Completion of Civil Works, Assembly and Electro Mechanical Installation.

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A.3 It has been agreed to withhold ten percent (10%) of the amount of labor included in the cost structure of the Offer, that is, the amount of FOUR HUNDRED NINETY-FOUR THOUSAND FIVE HUNDRED BOLIVARS (Bs F 494.500,00) in substitution of the Labor Bond.

A.4 It has been agreed to withhold ten percent (10%) of the total amount in Bolivars, to replace the Performance Bond.

For purposes of determining the amounts of the percentages specified in paragraphs A.1, A.2 and A.3 above, the amounts of the headings and sub headings of the Offer submitted by the CONTRACTOR and approved by CORPOELEC, will be used as reference.

#### **CLAUSE NINTH: COMMITMENT TO SOCIAL RESPONSIBILITY**

From each of the payments to be made to CONTRACTOR, CORPOELEC shall retain an amount equivalent to 2 percent (2%) of the total contract amount for the purposes of ensuring compliance with the implementation of a project or a social activity established as Social Responsibility Commitment in the execution of the work. This amount will be refunded once the Memorandum of Completion of Social Responsibility Commitment has been signed.

If CONTRACTOR does not comply with the fulfillment of the Social Responsibility Commitment, CORPOELEC will donate this retention to a Social Fund for the execution

of projects, programs or social activities in communities under the influence of CORPOELEC.

**CLAUSE TENTH: LAPSE OF WARRANTY AND CONSERVATION OF THE WORK.**

From the date of execution of the Memorandum of Provisional Acceptance Act, there will be a warranty period of twelve (12) months during which the CONTRACTOR must complete any unfulfilled work, that at CORPOELEC's judgement can be completed during this period, make the necessary adjustments in the work and the repair of any defect in the work, as required by the Company.

**ELEVENTH CLAUSE: WARRANTY OF GOOD QUALITY**

The CONTRACTOR is obliged for a period of twelve (12) months from Final Acceptance to guarantee the good quality of the works undertaken. In this regard, CONTRACTOR agrees to repair, replace, rebuild, re-do any work again, that during the aforementioned period is necessary to execute at The Company's request. This warranty also covers equipment, supplies, materials and spare parts that the CONTRACTOR has incorporated or installed in performance of the Contract, which is why undertakes to replace or repair them if these are affected by faults or damage not attributable to CORPOELEC.

The guarantee may be backed with a Good Quality Bond, which shall be equal to that of the secured obligation. This Bond will have the same conditions as the performance bond, in addition to those required by the Company.

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**CLAUSE TWELFTH: DESIGNATION OF ADMINISTRATORS OF THE CONTRACT BY THE PARTIES**

The parties designate the following people as Contract Administrators:

By CONTRACTOR: Mr. JEFFREY CANON

By CORPOELEC: ECON. CHAYELE NESTOR PEREZ

**CLAUSE THIRTEENTH: ASSIGNMENT OF CONTRACT BY THE COMPANY**

Pursuant to the provisions of Decree 5330 with Rank, Value and Force of Organic Law on Reorganization of the Electric Sector dated 02 of May 2007, published in the Official Gazette of the Bolivarian Republic of Venezuela No. 38,736 of July 31 2007, which orders the creation of the corporation Corporación Eléctrica Nacional SA, CORPOELEC has the right and so agrees to the transfer all or part of this contract, to a legal person to be named.

For the validity of such transfer will suffice simple notification to CONTRACTOR, conducted privately.

Two (2) counterparts of this Contract shall be made, each to have the same tenor and effect.. In Caracas, at the date of its authentication.

## **SPECIAL TERMS AND CONDITIONS OF CONTRACT TO SUPPLY GOODS**

### **TITLE I**

#### **Purpose of the Contract**

**CLAUSE 1:** The Contractor agrees to supply the goods required under the contract to the Company, at its cost and expense, for its sole account and by its own means, and shall deliver them at the site indicated therein and under conditions that will guarantee the quality thereof according to the specifications, terms, conditions, prices and time periods established therein.

### **TITLE II**

#### **Terms and Conditions for Supplying Goods**

##### **Chapter I**

##### **Technical Documentation**

**CLAUSE 2:** The Company shall provide the Contractor with the specifications for the goods to be supplied, as well as the terms and conditions under which the delivery thereof must be made.

The specifications and quantities of the original budget shall determine the goods to be supplied.

Any errors or omissions detected by the Contractor or the Company shall be corrected in accordance with the true intent, which shall be deduced from the aforementioned specifications and the original budget, all in the Company's judgment.

**CLAUSE 3:** In performing the contract, the Contractor shall apply the prevailing technical standards applicable to the goods to be provided.

##### **Chapter II**

##### **The Contractor's representative for supplying the goods**

**CLAUSE 4:** The Contractor shall keep a representative at the location of the activities contemplated in the contract, with experience and specialization in the field involved with the goods to be supplied under the contract, and shall notify the Company in writing of his designation, accompanied by proof of his acceptance. This representative shall have a power of attorney sufficient to act on behalf of the Contractor during the conduct of the activities.

The Contractor shall notify the Company if, for any reason, it must replace the designated representative.

Until the Contractor complies with the provisions of this clause, it may not make any delivery.

The Company may order the suspension of the performance of the contract at any time if it determines that the provisions of this clause are not being complied with, without prejudice to declaring the early termination of the contract for reasons attributable to the Contractor, if the failure to satisfy this requirement continues for more than one week.

In the event that the Contractor's representative ceases performing his duties, the Contractor shall take the steps necessary to designate a representative to replace him and thereby guarantee continuity of the performance of the contract.

The Company shall have the right to reject the representative designated by the Contractor if, in its judgment, there are grounds justifying such.

If the nature of the goods to be supplied so requires, the Company may require the Contractor to designate several representatives. In such event, one of them must be designated as the chief representative.

### **Chapter III**

#### **Change Orders and Special Activity Orders**

**CLAUSE 5:** The Company may, at any time, make changes and order the Contractor to conduct special activities related to supplying the goods, and the Contractor shall conduct them in accordance with the contract.

The Company must issue the "Change Orders" or "Special Activities Orders" in writing.

If the Contractor feels that the ordered change or special activity involves an increase or reduction of the time required for supplying the goods according to the schedule, the Contractor shall revise its delivery schedule to reflect the increase or reduction of time.

Prior to issuing a change order or special activity order, the Company shall request from the Contractor: a) a detailed estimate indicating the amount of

the increase or reduction, as applicable, of the amount of the contract, b) and revision of the delivery schedule approved by the Company, which might occur as the result of the planned order, in the event of the increase or reduction of time.

The Contractor shall provide the above-described information within a period of fifteen (15) calendar days after the date of the Company's request, which, if the Contractor's proposal is approved, shall issue the appropriate order.

This estimate shall be made according to the applicable prices and items in the budget. If the prices and items in the budget are not applicable to the change or special work, the Contractor shall propose the necessary prices, which shall be subject to discussion and, ultimately, those agreed to between the Company and the Contractor shall apply.

In the event that the Company and the Contractor fail to agree on the change or special activity order, with regard to the amount, unit prices, items or impact on the delivery schedule then in effect, the parties may submit such dispute for resolution in accordance with the provisions of Title XII, Chapter II "Judicial Jurisdiction" of the Company's General Contracting Terms and Conditions. In such event, the Contractor shall maintain careful control of the expenses and the documentation supporting the expenses incurred.

#### **Chapter IV**

##### **Delivery Period**

**CLAUSE 6:** The goods covered by the contract shall be delivered by the Contractor to the Company within the period of time established in the principal document.

The parties may, if they consider such appropriate, set specific dates on which various portions of the goods covered by the contract must be delivered, which shall be recorded in the principal document.

The failure to meet the deadlines for partial deliveries referred to in this clause shall be penalized in the manner provided in Title XI "Penalties" of the Company's General Contracting Terms and Conditions."

For the purposes of the control of special milestones, within five (5) calendar days after the date on which the particular milestone has been complied with, a certificate shall be prepared, which shall be signed by the Contractor and the Company, which shall record the date of the delivery of such



portion, the percentage of the contract that it represents and the remaining portions to be delivered.

## **Chapter V**

### **Suspension of the Delivery Period**

**CLAUSE 7:** The Company may order the Contractor to completely or partially suspend the delivery period for any reason and for the period of time that it considers necessary. If the suspension is not the Contractor's fault, the parties shall agree on how to compensate the Contractor for any duly-proven expenses it incurs as a result of the suspension, in which event the Contractor may request the processing of an extension of the delivery period.

If, on the other hand, the suspension is directly or indirectly attributable to the Contractor, no extensions of the delivery period shall be granted, nor shall any additional payments be made, all without prejudice the application of any penalties that the contract provides for such situation.

## **Chapter VI**

### **Delivery Schedule**

**CLAUSE 8:** In those cases in which such is required under the contract, due to the nature of the goods to be provided, the Contractor shall, within a period of no more than fifteen (15) calendar days after the execution of the contract, submit a work (sic) schedule to the Company, using the System established by the Company. The Contractor shall, at all times, keep the work schedule current and properly updated.

## **Chapter VII**

### **Inspector**

**CLAUSE 9:** The Company shall exercise the control, coordination and supervision of the achievement of the purpose of the supplying of goods, through an inspector whom it designates for such purpose, in accordance with the experience and specialty required according to the nature of the contract.

**CLAUSE 10:** If the nature of the goods to be supplied so requires, or if it considers such appropriate, the Company may designate several Inspectors, one of whom shall be designated as the Chief Inspector.

**CLAUSE 11:** The Inspector and the Contractor's representative for supplying the goods shall cooperate between themselves for the purpose of optimizing the performance of the contract.

### **TITLE III**

## **Delivery and Acceptance of the goods supplied**

### **Chapter I**

#### **Delivery of the goods supplied**

**CLAUSE 12:** The Contractor shall notify the inspector in writing at least ten (10) calendar days in advance of the date that it estimates that the goods to be supplied will be delivered, so that proof of such delivery can be prepared.

If the goods are completely and satisfactorily delivered in accordance with the terms and conditions established in the Contract, such proof shall be provided in the form of a Certificate of Delivery, which shall be signed by the Inspector and the Contractor's representative for supplying the goods, on which date any penalties shall cease.

In any contracts in which the goods supplied, by their very nature, in the Company's judgment, do not require being subjected to inspection and approval, the required guarantees shall be released.

In any contracts in which the goods supplied, by their very nature, in the Company's judgment, require being subjected to inspection and approval, after the Certificate of Delivery is signed, the Contractor must request Provisional Acceptance.

### **Chapter II**

#### **Taking Possession and Using the goods supplied prior to Provisional Acceptance thereof**

**CLAUSE 13:** The Company may, if circumstances so require, take possession and use the goods that have been delivered, even if Provisional Acceptance has not been granted. In such event, the Contract Administrators shall prepare a Certificate expressly recording the condition that they are in and any defects detected that must be repaired or replaced.

### **Chapter III**

#### **Provisional Acceptance**

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**CLAUSE 14:** In contracts in which the goods supplied, by their very nature, must be subjected to inspection and approval, the Contractor shall request, in writing, Provisional Acceptance within

a period of sixty (60) calendar days after the date of the Certificate of Delivery. Such request must be accompanied by the following documents:

- a) Plans, drawings, catalogs, instructions, manuals and other documents related to the goods that have been supplied
- b) The documents containing the warranties referred to in the following clause.

**CLAUSE 15:** Once the goods covered by the contract have been delivered, the Contractor shall submit to the Company documents recording that the manufacturers of the goods have obligated themselves to provide proper maintenance service, warrant the good quality and operation thereof and agree to assume liability for any flaws or defects that exist, and to make, at their expense, any necessary repairs or replacements during the warranty period, provided that such flaws or defects have not been caused by misuse of the goods. The submission of these warranties shall not relieve the Contractor of its responsibilities.

**CLAUSE 16:** Within ninety (90) calendar days after the date on which the request for Provisional Acceptance is submitted, the Company shall proceed with a general inspection. If the result of this inspection is that the goods have been supplied in accordance with the contract, the Provisional Acceptance thereof shall be granted and a Certificate shall be prepared to be signed by the Contract Administrators designated by the parties.

**CLAUSE 17:** If the Company finds any flaws or defects in the goods supplied, it shall not issue the Provisional Acceptance and shall notify the Contractor in writing to correct them at its own expense.

**CLAUSE 18:** If the Contractor does not commence correcting the flaws or defects within a period of fifteen (15) calendar days after the notice is given, the Company may proceed in accordance with the provisions of Title VI, Chapter I, Clause 39 of the Company's General Contracting Terms and Conditions.

**CLAUSE 19:** Provisional Acceptance shall be deemed to have been given in the event that the Company has not stated its acceptance to the Contractor in writing or ordered repairs or replacements within ninety (90) calendar days after the date on which the Contractor submitted the requests for Provisional Acceptance, provided that it

submitted with the request all documents required under the contract.

**CLAUSE 20:** If the Contractor does not request Provisional Acceptance within the period of time provided in the contract, or if, having requested it, it does not submit any of the required documents with such request, the Company shall commence the acceptance procedure on its own initiative, and, in such event, any expenses incurred by the Company in obtaining the documents not submitted shall be charged against the Contractor. If any flaws or defects are found, Provisional Acceptance shall not be granted and such flaws or defects shall be corrected, in the manner stipulated in Title VI, Chapter I, Cause 38 of the Company's General Contracting Terms and Conditions.

If the goods are supplied in accordance with the provisions of the contract or if any flaws or defects found are corrected, the parties shall proceed with the Provisional Acceptance.

**CLAUSE 21:** Provisional Acceptance shall be granted even if the Contractor is not present for the legal act or refuses to sign the certificate involved, and such situations shall be noted in such.

**CLAUSE 22:** If, after Provisional Acceptance has been granted but before the Final Receipt is granted, the Company determines that any portion of the goods has been provided with defects or has not been delivered in accordance with the provisions of the contract, it shall send the appropriate notice to the Contractor to make any repairs or replacements that are necessary, at its expense.

#### **Chapter IV Warranty Period.**

**CLAUSE 23:** The warranty period necessary to determine whether the goods supplied have any defects and work properly shall be determined in the Principal Document. This warranty period shall begin to run on the date of the Certificate of Provisional Acceptance.

**CLAUSE 24:** If the Contractor has not submitted a request for Provisional Acceptance within the period of time provided in the contract or if it has done so without submitting all of the required documents therewith, the warranty period shall be extended for a period of time equal to that which the Contractor delays in submitting the aforementioned request and documents, starting

upon the expiration of the period of sixty (60) calendar days established for requesting the Provisional Acceptance.

This extension shall not be appropriate if the circumstances preventing the timely delivery of these documents are attributable to the Company.

**CLAUSE 25:** The warranty period shall likewise be extended for the entire period of time elapsing until any flaws or defects that the Contractor has been ordered to correct have been corrected, to the Company's satisfaction.

**CLAUSE 26:** During the warranty period, the Contractor shall be responsible for performing the repair or replacement work, in accordance with the technical specifications under the contract.

**CLAUSE 27:** The repair of any damage suffered by the goods supplied during the warranty period that is not attributable to the Contractor shall be for the account of the Company or whoever is responsible for such damage.

## **Chapter V**

### **Final Receipt**

**CLAUSE 28:** Upon the expiration of the warranty period, the Contractor shall request, in writing, the Final Receipt; within thirty (30) calendar days after the date of the submission of this request, the Company shall conduct a general inspection.

If it is determined in this inspection that the goods have been supplied completely in accordance with the provisions of the contract, the Final Receipt shall be granted and the appropriate Certificate shall be prepared, which shall be signed by the Contract Administrators designated by the parties.

**CLAUSE 29:** If the flaws or defects detected have not been corrected and any correction that the Contractor has been ordered to make has not been made, the Company may perform such in the manner, and with the consequences, indicated in in (sic) Title VI, Chapter I, of the Company's General Contracting Terms and Conditions.

**CLAUSE 30:** If the Contractor does not submit the request for Final Receipt as required under the contract, the Company may grant it

without its participation, and carry out the appropriate closing of accounts.

If any flaws or defects are found, the parties shall proceed in the manner provided in the preceding clause.

**CLAUSE 31:** After the Final Receipt has been granted, the Company shall make the final payments to the Contractor, pay out any retention that has been made and release any bonds or guarantees that have been provided.

**CLAUSE 32:** If, within a period of ninety (90) calendar days after the submission of the request for Final Receipt, the Company has not notified the Contractor that it must make any repairs or corrections, Final Receipt shall be deemed to have been granted, and the parties shall proceed in the manner provided in the preceding clause.

#### **TITLE IV**

##### **Settlement of Accounts and Release**

**CLAUSE 33:** After the Certificate of Delivery or Final Receipt has been issued, and after the expiration of the term of the quality bond, if such is required, a document of settlement of accounts and release shall be prepared, to close the contract administratively. After the settlement document and release is issued, only the legal effects arising under general law shall be applicable.