

STANDARD TERMS AND CONDITIONS OF SALE

I. Definitions:

“HPI” means Higher Power Industries and its affiliates, supplier of Products and Services.

“Buyer” means individual, joint venture, partnership, company or corporation issuing Purchase Order to HPI for Products and/or Services.

“Products” means all assembled functional equipment, complete or partial subassemblies, components and replacement parts supplied by HPI.

“Services” means analysis, evaluation, diagnostics, remanufacturing, overhaul, repair, modification, conversion and other functions performed by HPI.

“Serviced Equipment” means products serviced by HPI.

II. General:

All sales of Products and/or Services are made pursuant to these terms and conditions. These terms and conditions represent a binding agreement between HPI and Buyer, and take precedence over Buyer’s general, supplemental, special or conflicting terms and conditions. Buyer’s acceptance of Products and/or Services from HPI will constitute acceptance of terms and conditions contained herein. These terms and conditions may be waived or modified in a specific written agreement executed by an authorized officer of HPI.

If any provisions of these terms and conditions are found to be invalid or unenforceable by any court having competent jurisdiction, the invalidity or unenforceability of such provisions will not affect the validity or enforceability of the remaining provision, which will remain in full force and effect.

III. Orders:

All purchase orders issued by Buyer are subject to acceptance by HPI. All purchase orders must include sufficient information, such as quote number, part number & complete description, quantities, delivery schedule, shipping method, billing & shipping addresses and any special requirements. Processing of incomplete purchase orders may be delayed.

Purchase orders accepted by HPI may not be cancelled by Buyer in whole or in part. Buyer must submit to HPI a written request for order cancellation. HPI, at its sole discretion, may accept Buyer’s request for cancellation.

Purchase orders authorized by HPI for cancellation are subject to cancellation fees, to be confirmed by HPI at the time of order cancellation.

Notice of changes to purchase orders issued by Buyer must be submitted to HPI in

writing. HPI must acknowledge receipt of such notice and, at its sole discretion, may accept Buyer's request for changes. Changes to issued purchase orders may result in delayed deliveries and/or price adjustments.

IV. Quotes & Prices:

HPI's price quotes, unless otherwise stated in writing, will automatically expire within thirty (30) calendar days from the date of issue. HPI may amend or cancel price quotes within that time period, with a written notice to Buyer.

All quoted prices, unless otherwise stated in writing by HPI, are exclusive of transportation and shipping insurance costs. When applicable, transportation and shipping insurance costs, prevailing at the time of shipment, will appear as separate items on HPI's invoice.

All quoted prices are exclusive of all taxes and fees including, but not limited to, federal, state and provincial sales, excise and any other taxes, duties, licensing fees and other fees of any nature. Buyer agrees to pay any and all taxes and fees, which may apply to Products and Services supplied by HPI.

V. Payment:

Payment in full, utilizing cash, certified corporate check or confirmed electronic funds transfer, is due prior to delivery of Products or on completion of Services.

For customers with approved credit accounts, HPI's standard terms of payment are net thirty (30) days from the date of invoice, unless otherwise stated in writing by HPI. If no objection to invoice is received from Buyer by the fifteenth (15th) calendar day from the date of invoice, it is deemed that Buyer has accepted an invoice and no further objections will be permitted or accepted.

All overdue payments will be charged interest, calculated on a daily basis from the due date and until paid in full. Interest rate applicable to overdue payments is one and one-half percent (1.5%) per month or the maximum rate allowed by the applicable law, whichever is less. Buyers will be liable for costs of collection, including applicable attorney's fees and court costs, in any action necessary to collect overdue payments. HPI reserves the right to change credit and/or payment terms extended to Buyer, when in HPI's sole opinion, Buyer's financial condition and/or past payment records warrant such action.

VI. Shipping, Title Transfer & Risk of Loss:

All shipments, unless otherwise stated in writing by HPI, are FOB HPI's facilities. HPI will select qualified common carrier and shipping method, unless Buyer will provide specific shipping instructions and designates preferred carrier.

Under no circumstances will carrier selected by HPI be deemed to be an agent of HPI. Subject to HPI's right of stoppage in transit, delivery of Products to selected or designated carrier will constitute delivery to Buyer and title and risk of loss will thereupon pass to Buyer.

Buyer acknowledges that shipping schedule provided by HPI is a realistic estimate only. HPI will not be liable for delays in shipping or for failure to complete an order due to causes beyond the reasonable control of HPI.

VII. Acceptance / Return:

Products shall be deemed to have been accepted by Buyer upon delivery of said products to Buyer unless rejected at time of delivery. If Buyer rejects any product upon delivery, Buyer must promptly notify HPI of its intention to reject product. It is Buyer's responsibility to promptly request any inspection or tests, deemed necessary by Buyer, to confirm Products' conformance. Buyer must request the presence of HPI in any test and provide a report, in writing, any non-conformances or discrepancies, associated with received Products, within ten (10) calendar days from the date of delivery, after which time Buyer will be deemed to have irrevocably accepted received Products or Serviced Equipment.

Should Buyer elect to return received Products, Buyer must submit to HPI a written request for return material authorization (RMA) within ten (10) calendar days from the date of delivery. HPI, at its sole discretion, will determine Products' return eligibility and confirm applicable charges.

VIII. Compliance with Laws:

HPI represents that Products will be supplied and Services rendered in compliance with applicable United States of America laws, rules and regulations in effect at the time of issue of purchase order. Shipping schedule and/or price will be equitably adjusted to compensate HPI for the cost of compliance with any other laws or regulations.

Buyer acknowledges and agrees that it is solely responsible to comply with all applicable trade control laws and regulations. All Products and Services hereunder will at all times be subject to the export control laws of the United States of America and any amendments thereto. Buyer agrees that it will not dispose of Products purchased from HPI by way of export, re-export, transshipment, diversion or otherwise, other than in and to the ultimate country of destination, specified on Buyer's purchase order and declared on HPI's invoice, except as permitted by said laws and regulations.

IX. Warranty:

HPI warrants that its Products will be shipped free from defects in workmanship, material and title, and its Services will be performed in a competent and timely manner in compliance with the agreed to specifications.

Unless otherwise stated in a written confirmation signed by an authorized officer of HPI, warranty period for Products shipped to North American destination is twelve (12) months from the date of shipment. Warranty period for Products shipped to destinations outside North America, twelve (12) months from in service date or eighteen (18) months from date of shipment (FOB, Yonkers NY), whichever occurs first. Buyer will notify HPI of in service date of Product within fifteen (15) calendar days of such in service date or warranty will revert to the twelve (12) month time frame. The aforementioned warranty periods apply to Services rendered by HPI. In the event when Buyer believes that supplied Products or Services do not meet HPI's warranty within the applicable warranty period, Buyer will notify HPI in writing within fifteen (15) calendar days from the time of occurrence of such event. HPI will consider such notice a warranty claim. It is Buyers responsibility to deliver Products and Serviced Equipment, subject to warranty claim, to HPI's facility for inspection.

If HPI, at its sole discretion, determines that supplied Product or performed Service failed to meet HPI's warranty within warranty period, Buyer's sole remedy and HPI's sole obligation will be limited to repair or replacement of non-conforming Product or Serviced Equipment. The cost of freight and transportation to and from HPI's facility for purpose of a warranty claim is the responsibility of Buyer. Under no circumstances will HPI be responsible for removal or installation costs associated with repaired or replaced Products or Services Equipment. HPI's obligations under the warranty coverage will not apply to normal wear and tear process and to parts normally consumed in operation. HPI will consider its warranty obligations null and void if supplied Products or Serviced Equipment were improperly stored, installed, used, maintained or repaired; were modified or disassembled without HPI's consent; were subjected to any other kind of misuse or detrimental exposure.

Warranty claim will not be a cause for an extension of the warranty period. Products or Serviced Equipment repaired or replaced under the warranty claim will have warranty coverage equal to the time remaining on the initial warranty for the repaired or replaced Products or Serviced Equipment.

The foregoing warranty is the only warranty, expressed or implied, given by HPI in connection with supplied Products and Services, and HPI disclaims all other warranties, including but not limited to warranties of merchantability, fitness for particular purpose, non infringement of third party rights and warranty against latent defects.

X. Limitation of Liability:

The liability of HPI to Buyer on any claim, whether in agreement, contract, warranty, tort or otherwise in connection with performance or non-performance of any agreement associated with the manufacture, sale, delivery, resale, repair, replacement or use of any Product or rendered Service, will not exceed the purchase price or fair market value, applicable to Product or Service that gives rise to the claim.

Moreover, the total liability of HPI for all such claim will not exceed total contract, agreement or master order price, under which HPI supplied Products or Services. The foregoing will constitute the sole remedy to Buyer and the sole liability of HPI.

HPI will not be liable for loss of profit or revenue, loss of products, loss of use of Products or Serviced Equipment or any associated equipment, interruption of business activities, cost of capital, cost of insurance, downtime costs, increased operating costs, claims of Buyer's customers for such damages, or for any consequential, incidental, indirect, special, punitive, exemplary or other damages.

If Buyer supplies HPI's Products or Serviced Equipment to a third party, it is Buyer's responsibility to ensure that third party agrees to be bound by the provisions of HPI's Limitation of Liability statement. If Buyer fails to obtain such agreement from third party, Buyer will indemnify, defend and hold HPI harmless from and against any and all claims made by third party in excess of the aforementioned exclusions and limitations.

XI. Limitation Period:

Buyer may not bring any action against HPI at any time and for any reason, later than twelve (12) months after the fact of occurrence upon which the cause of action arose.

XII. Dispute Resolution:

The validity, performance and all matters relating to the interpretation and effect of this agreement and all further documents executed pursuant to it will be construed and interpreted in accordance with the laws of the State of New York, USA. HPI and Buyer acknowledge that the United Nations Convention on Sale of Goods is not applicable to any sale of Products to which these Terms and Conditions apply.

HPI and Buyer agree to make best efforts to forsake litigations and use the dispute resolution processes to resolve with finality any and all disputes, controversies or claims, between HPI and Buyer, related to this agreement. HPI and Buyer will endeavor to amicably resolve any dispute, utilizing commonly acceptable dispute resolution procedures, such as mediation, arbitration or other acceptable methods.

All statements made and documents provided or exchanged in connection with the dispute resolution process are confidential and neither HPI nor Buyer will disclose the

existence or content of the dispute or claim, or the results of the dispute resolution process to third parties, except as may be required by applicable laws.

HPI may at any time, without inconsistency with the dispute resolution provision, seek from a court of competent jurisdiction any equitable, interim or provisional relief to avoid irreparable harm. The dispute resolution provision will not bar HPI to initiate proceeding before the courts for matters such as delinquent account or the need to protect or enforce confidentiality agreements, patent, copyright or intellectual property right.

XIII. Force Majeure:

HPI will not be liable for inability to deliver ordered Products and/or render ordered Services due to causes beyond HPI's reasonable control including, but not limited to, acts of God, natural or artificial disaster, riot, war, acts of terrorism, strike, delay by carrier, shortage of required material, breakdown of essential equipment, power outages, acts of omission by other parties, which will be considered as an event of force majeure, excusing HPI from performance and barring remedies for non performance. In the event of force majeure condition, HPI's time for performance will be extended to a period equal to the time lost as a consequence of force majeure condition, without subjecting HPI to any liability or penalty.

XIV. Confidentiality:

HPI's quotes, proposals and/or related information are submitted to Buyer with the understanding that Buyer will not disclose such information, in its entirety or any portion thereof, without the express written consent of HPI.

XV. Assignment:

The agreement between HPI and Buyer is not assignable by Buyer without the expressed written consent of HPI. Any attempt to assign any of the right, duties or obligations of Buyer hereunder will result in forfeiture of such rights but duties and obligations hereunder will continue to bind Buyer or the assignee.

XVI. Errors and Omissions:

All typographical and/or calculations errors and minor omissions in the documents and information relating to this agreement are subject to correction upon discovery.