

TERMS & CONDITIONS DOMESTIC

The following conditions shall become a part of any legal contract or legal agreement resulting from the acceptance of a proposal, issued by Power Systems & Controls, Inc., (hereinafter called PS&C) by any company or person (hereinafter called Purchaser), unless otherwise specifically agreed to in writing.

1. PRICES:

A. Firm Offer:

All quoted prices are firm for thirty (30) days from date of quotation and are F.O.B. shipping point.

B. Taxes:

Any taxes imposed by Federal, State, or Municipal authorities are not included, unless stated in proposal.

2. PAYMENT TERMS:

A. On purchased items, billing will be at time of shipment unless the items meet the requirements of part E1 or E2 as stated below.

B. Pending the approval of the purchaser's account by PS&C financial services, payment terms shall be net thirty (30) days.

C. In the event of an account passing the 30 day payment terms, PS&C will consider this act "abuse" of PS&C credit terms. Purchaser agrees upon this act occurring that PS&C reserves the right to withdraw the credit line extended to the purchaser and immediately place the purchaser on payment before delivery terms. Purchaser also agrees that PS&C reserves the right to immediately suspend any and all deliverables and services without harm or jeopardy to PS&C. In the event deliverables or services are suspended, in no way relinquishes the purchaser from the full contract or project dollar amount due PS&C as dictated by the accepted PS&C proposal.

D. An interest charge of 1 1/2% per month will be assessed for all overdue payments (over the net 30 days) and will be computed using compounding methods. In the event collection and or legal activities commence due to "abuse" of PS&C credit terms, purchaser agrees to pay for any and all associated collection and legal costs associated with recovering the overdue amount(s), including accrued interest amount(s) as stated above.

E1. Reserved for Contracts greater than \$100,000.00 and less than \$1,000,000.00

Contracts greater than \$100,000.00 or whose delivery exceeds 120 days, shall provide progress payments based on 25% with acceptance of purchase order, 65% of contract amount on approval/acceptance of factory testing. The balance of the contract is due immediately upon delivery of equipment.

E2. Reserved for Contracts greater than \$1,000,000.00 and less than \$5,000,000.00

Contracts greater than \$1,000,000.00 and less than \$5,000,000.00 shall provide progress payments based on 10% with acceptance of purchase order, 35% upon approval of submittals, 50% of contract amount on approval/acceptance of factory testing and 5% of the contract amount upon delivery of equipment.

F. PS&C retains the right to withhold any and all follow-on services pertaining to the equipment until invoices have been satisfied, unless agreed to in writing by both parties prior to requests for service.

G. Payment of invoices per the above terms must be paid in full. Offset of balances or withholdings are not acceptable.

3. WARRANTY:

The standard PS&C warranty included in the quotation shall apply. In the event that an invoice for equipment or unpaid interest exceeds the 30 day credit terms (see section two "Payment Terms"), PS&C reserves the right to withhold warranty until payment has been received by PS&C and validated by an approved PS&C financial institution.

In the event credit is withdraw from the purchaser due to abuse of PS&C's payment terms (see section two "Payment Terms") and purchaser is placed on payment before delivery terms, in no way will afford the purchaser any recourse against PS&C due to potential warranty claims and or damages incurred by the purchaser, due to nonpayment, during the warranty period.

4. INDEMNIFICATION:

PS&C agrees to indemnify and save Purchaser harmless from all claims and demands asserted for loss of life, personal injury, or property damage arising out of or resulting from PS&C negligence directly and solely caused by PS&C and/or its direct employees. Purchaser agrees to save PS&C harmless from all claims and demands asserted for loss of life, personal injury, or property damage arising out of or resulting from the negligence of the Purchaser, its employees, agents, or contractors. In no event, regardless of cause, shall PS&C be liable for incidental or consequential damages.

5. SAFETY:

PS&C personnel will be supplied by PS&C with tools and safety equipment required to service PS&C products and will be governed by the Purchaser's safety program. PS&C agrees to comply with all applicable state, federal and local safety regulations and laws. Any other safety equipment which is required shall be supplied by the Purchaser or at the Purchaser's expense.

6. INSURANCE:

Upon request, PS&C will supply a Certificate of Insurance. PS&C maintains blanket insurance policies covering Workmen's Compensation, General Public Liability, Automobile Liability, and Property Damage.

7. GOVERNING LAW:

The rights and obligations of the parties shall be governed by the laws of the State of Virginia, in the jurisdiction of the City Of Richmond.

8. ARBITRATION:

Purchaser and PS&C agree that any unresolved controversy or claim between them (except any claim for damages because of bodily injuries, including death resulting there from, or because of damage to or destruction of property) shall be settled by arbitration in Richmond, Virginia, in accordance with the rules of the American Arbitration Association, and the judgment upon the award rendered by the arbitrators entered in any court having jurisdiction thereof. PS&C also agrees to become a third party participant in any arbitration proceeding between Purchaser and its customer which involves PS&C's products or services.

9. TOOLS AND WORK SPACE:

PS&C personnel will be supplied by PS&C with a normal complement of hand tools and test equipment. Any other special tools, fixtures, or test equipment, shall be supplied by the Purchaser or at the Purchaser's expense. Proper work space shall be provided for PS&C personnel by the Purchaser or at the Purchaser's expense.

10. DELAYS:

PS&C will not be responsible for any delays or failures to perform its obligations arising out of an act of God, any causes beyond PS&C's reasonable control, delay on the part of a government authority, any delay caused by Purchaser's other contractors, subcontractors or suppliers. Additionally, any delay by the Purchaser causing PS&C or contractor's personnel (when a PS&C turnkey) to any unreasonable waiting time shall be billed and the cost borne by the Purchaser. Any such delays will be cause for a time extension by PS&C equal to or greater than the amount of the delay.

11. CHANGES:

If both parties agree in writing to a change in these terms, PS&C's price and schedule must be altered prior to implementation of the change.

12. SUSPENSION OR CANCELLATION:

Purchaser may suspend or cancel the Contract in the first 30 days provided written notice is given, in which case PS&C will be paid a cancellation fee of 25%. Cancellations received after 30 days and less than 90 days will be charged 50% of contract amount. Cancellations received after 90 days will be charged 85% of contract amount.

13. SET OFFS:

Neither party shall have the right to set off the amount of any claim against the other party arising out of any transaction or occurrence not connected with the performance or breach of this Contract against any liability or payment due or owing under this Contract.

14. AFFILIATION:

PS&C personnel are not affiliated with or represented by a union or other association or collective bargaining agent, nor shall any such requirement be imposed.

Signature of authorized individual:

Name: _____

Title: _____

Standards Form SF-002 (01/01/10), Supersedes (06/18/09)