



Warranty Statement

Northeast Power Systems, Inc. ("NEPSI") warrants that, under normal use and service, if properly stored, handled, installed, operated, electrically protected, and maintained in accordance with accepted industry practices, its power factor correction capacitors and harmonic filters ("Product") shall, for the "Warranty Period", be free of defects in materials and workmanship, under normal use and service. The "Warranty Period" is (12) months after bank start-up, or (18) months after shipment, whichever occurs first. Should any such defect become apparent within the warranty period, and written notice of each and every such defect is promptly provided to NEPSI, and NEPSI reasonably determines that any such Product is defective in material or workmanship, NEPSI will, at its option, replace or repair such Product. This warranty does not apply to any Product damaged by accident, misuse, negligence or significant electrical system changes. NEPSI's obligation with respect to such Product shall be limited only to repair or replacement of applicable components, materials, hardware, F.O.B. NEPSI's place of business, without any expense ("in and out charges") to NEPSI, and except as expressly provided herein, NEPSI shall not in any event be liable for any other costs associated with labor, transportation, installation, penalties, service, diagnosis, trouble-shooting, adjustments, or any and all other expenses which may arise in connection with such Product. Any misuse, miss-operation, or abuse of the Product(s) may void this limited warranty.

The NEPSI warranty does not extend to Products not assembled by NEPSI, or to expendable parts, such as capacitor and controls fuses, dust filters, and light bulbs, and/or components that have exceeded their published duty rating. As to Products assembled by others, Purchaser shall be entitled to proceed only upon the terms of that particular manufacturer's warranty. The NEPSI warranty does not apply to defects in materials provided by Purchaser or design stipulated by Purchaser.

IN NO EVENT SHALL NEPSI BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES however arising whether in warranty, strict liability, tort, negligence or otherwise, including but not limited to loss of profits or revenue, loss of total or partial use of the Products, facilities or services, downtime costs, or claims of Purchaser for such or other damages whether on account of Products furnished hereunder or delays in delivery thereof, or services performed upon or with respect to such Products. NEPSI's liability on any claim whether in warranty, strict liability, tort, negligence or otherwise for any loss or damage arising out of, connected with, or resulting from this warranty or the performance or breach thereof, or from the design, manufacture, sale, delivery, resale, repair, replacement, installation, technical direction of installation, inspection, servicing, operation or use of any Product covered by or furnished under this warranty shall in no case exceed the purchase price of the Product or part thereof which gave rise to the claim. Notice of claims against NEPSI hereunder for any reason, including breach of warranty, must be made to NEPSI in writing within forty-eight (48) hours of discovery to afford NEPSI an opportunity to make a prompt



investigation of surrounding facts and mitigate any damage which might ensue, should it be determined to be NEPSI's responsibility. Failure to give such notice to NEPSI shall constitute a waiver by Purchaser of any right later to assert such a claim. Any cause of action against NEPSI arising out of or relating to the warranty or the performance hereof shall expire unless brought within one (1) year of the time of accrual thereof.

THE FOREGOING LIMITED WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.