

SMART POWER SYSTEMS INC. Connected Equipment Protection Policy

Article 1 - Coverage

1.1 This Connected Equipment Protection Policy ("Policy") is issued from Smart Power Systems Inc. ("SPS") in connection with your purchase, of a unit that is part of SPS's Surge Filter Series (SF), TBF Series, Automatic Voltage Regulator (AVR) Series, Line Conditioner (LC Series), EP-TBF Series UPS, SS-TBF Series (including RM) UPS, BAK-AVR-TBF Series UPS or Smart HF-TBF/ISOTR Series UPS (each, a "Unit").

1.2 If any standard 120 volt product manufactured by SPS ("Equipment") used in the United States of America and/or Canada and properly connected to or installed into a Unit, as described in Section 1.3 ("Covered Equipment"), is damaged by (a) a surge (including a surge resulting from a lightning strike) or a spike, (b) a power line transient on an AC power line, or (c) subject to Section 1.4, a telephone or cable television ("CATV") line transient (in any event, "Covered Damage"), SPS will, at its sole option, (i) repair or replace the Unit and (ii) pay for the repair (hardware only) of the Covered Equipment or reimburse you for its Fair Market Value (as defined herein); provided, however, that in no event shall any payment or reimbursement amount under this Policy exceed \$25,000 during the life of the Equipment while owned by the original purchaser and connected to the original Covered Equipment. The "Fair Market Value" of Covered Equipment is its then current street price, as determined by either Buyer's Lab, Incorporated (or the equivalent) or the Atlanta Computer Exchange (or the equivalent).

1.3 Equipment is properly connected to or installed into a Unit if (a) it (i) is [UL or CSA approved], (ii) is plugged into properly wired and grounded outlets, (iii) is not connected or installed by use of extension cords, adapters, ground wires or electrical connections (with the sole exception of other pieces of Equipment), and (iv) is not installed or connected by use of power protection products made by any manufacturer other than SPS, and (b) the connection or installation of the Equipment to the Unit complies with all applicable electrical and safety codes set forth pursuant to the National Electrical Code ("NEC").

1.4 Notwithstanding Section 1.2, Covered Damage shall exclude (a) any damage, resulting from telephone line transients, to Equipment connected to Units that do not (i) offer network, modem or fax line protection, and (ii) include a properly installed and operating "primary protection" device at the service entrance (such devices are normally added during telephone installation), and (b) any damage, resulting from CATV line transients, to Equipment that is not properly grounded according to the rules and regulations of the NEC.

Article 2 - Unit Registration

You must send in your Connected Equipment Protection Policy Registration form under this Policy, within 20 days of purchasing the Unit, by either filling in the information on the enclosed form and returning the form to SPS, or completing an on-line form, which can be located at www.smartpowersystems.com. You should retain a copy of the registration form for your records. For the registration to be valid, the registration form MUST clearly indicate the model and serial number of the purchased Unit as well as the models, types and serial numbers of Equipment that will be connected to the Unit. Failure to return the model number of and proper identification relating to such Equipment at time of registration will result in claims for Covered Equipment being rejected.

Article 3 - Limitations and Exclusions

3.1 This Policy shall apply for a period of five years from the date of purchase of the Unit. The Policy will only be valid while the Unit is owned by you, and will not inure to the benefit of subsequent owners. With respect to Covered Equipment, this Policy covers only Covered Equipment that is properly registered under Article 2. No recovery or reimbursement under this Policy shall exceed \$25,000 during the life of the Equipment while owned by the original purchaser and connected to the original Covered Equipment. This Policy will be null and void if, in SPS's reasonable opinion, your Unit has been tampered with or altered in any way.

3.2 THIS POLICY IS EFFECTIVE ONLY WITH RESPECT TO COVERED DAMAGE AS DESCRIBED IN ARTICLE 1. THE FOLLOWING TYPES OF DAMAGE ARE EXPRESSLY EXCLUDED FROM COVERAGE UNDER THIS POLICY: (A) DAMAGE TO ELECTRONIC EQUIPMENT RESULTING FROM TRANSIENTS ON DATA LINES (UNLESS SUCH DAMAGE IS OTHERWISE PROTECTED BY SPS INTEGRATED (BUILT-IN) DATA LINE/ RF/RJ11/45 PROTECTION), (B) DAMAGE RESULTING FROM TELEPHONE LINE TRANSIENTS TO EQUIPMENT THAT DOES NOT OFFER NETWORK, MODEM OR FAX LINE PROTECTION AND INCLUDE PROPERLY INSTALLED AND OPERATING "PRIMARY PROTECTION" DEVICES AT THE SERVICE ENTRANCES, (C) DAMAGE RESULTING FROM CATV LINE TRANSIENTS TO EQUIPMENT THAT IS NOT PROPERLY GROUNDED IN ACCORDANCE WITH NEC STANDARDS, (D) DAMAGE CAUSED BY YOUR FAILURE TO PROVIDE A SUITABLE INSTALLATION ENVIRONMENT FOR THE UNIT (INCLUDING, BUT NOT LIMITED TO, LACK OF A PROPER SAFETY GROUND), (E) DAMAGE CAUSED BY THE USE OF THE UNIT FOR PURPOSES OTHER THAN THAT FOR WHICH IT WAS DESIGNED, (F) DAMAGE CAUSED BY ACCIDENTS OR BY DISASTERS SUCH AS FIRE, FLOOD OR WIND, AND (G) DAMAGE CAUSED BY ABUSE, MISUSE, ALTERATION, MODIFICATION, OR NEGLIGENCE OF THE UNIT. THE PRECEDING SENTENCE SETS FORTH ONLY SOME EXCLUDED DAMAGES, AND SHALL NOT BE CONSTRUED AS A LIMITATION OF THE TYPES OF DAMAGES THAT ARE EXCLUDED FROM

COVERAGE UNDER THIS POLICY. 3.3 THIS WARRANTY IS EXPRESSLY CONDITIONED UPON YOUR PROPER USE, MAINTENANCE AND SUPERVISION OF THE UNIT IN ACCORDANCE WITH SPS'S WRITTEN INSTRUCTIONS. EXCEPT AS PROVIDED HEREIN, THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SPS SHALL HAVE NO LIABILITY TO YOU OR ANY OTHER PERSON AS A RESULT OF THE USE OR OPERATION OF THE UNIT. SPS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, MULTIPLE, EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF THE USE OF THE UNIT OR DAMAGE TO THE COVERED EQUIPMENT, INCLUDING, WITHOUT LIMITATION, (A) LOSS OF PROFITS, (B) LOSS OF SAVINGS OR REVENUE, (C) LOSS OF USE OF THE UNIT, THE COVERED EQUIPMENT OR OTHER EQUIPMENT, (D) LOSS OF SOFTWARE, (E) COST OF CAPITAL, DOWNTIME OR SUBSTITUTE EQUIPMENT, FACILITIES OR SERVICES, (F) CLAIMS OF THIRD PARTIES (INCLUDING CUSTOMERS), (G) INJURY TO PROPERTY UPON WHICH A UNIT OR COVERED EQUIPMENT IS LOCATED, (H) RESTORATION OF LOST DATA, AND (I) REINSTALLATION OF SOFTWARE, EVEN IF YOU ARE ADVISED OF THE POSSIBILITY OF SUCH DAMAGE, REGARDLESS OF WHETHER SUCH CLAIM IS BASED ON CONTRACT, INDEMNITY, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR ANOTHER LEGAL THEORY.

Article 4 - Claim Procedures

4.1 You must file a claim under this Policy by calling the SPS customer service department, at (800) 772-7633, within ten (10) days of the date of claimed damage to the Covered Equipment. A customer service representative will assign a Buyer Returned Material Authorization Number ("RMA Number") to your claim and will send you a claim form. Within thirty (30) days of notifying SPS of the claim, you must mail by prepaid postage and freight: (a) the Unit (which must be packed in its original packaging materials or, if such packaging materials have been discarded, then in SPS packaging materials that you may request from SPS at the time you notify its customer service department of your claim); (b) your completed claim form, and (c) a copy of the sales receipt for the Unit, to SPS, at the following address:

**Smart Power Systems Inc.
RMA Department
1760 Stebbins Drive
Houston, TX 77043**

To expedite the claim process, be sure to clearly mark the RMA Number on the outside of the package.

4.2 Upon receipt of the items described in Section 4.1, SPS will evaluate the Unit to determine its level of functionality and examine the Unit for evidence of Covered Damage. If, upon its evaluation, SPS determines that there is no evidence of Covered Damage, SPS will send you a notice of rejection of your claim and a report summarizing the tests it performed. If the Unit does show evidence of Covered Damage, SPS will request that all Covered Equipment for which the claim has been submitted be sent for evaluation to either SPS or to a service center authorized by the manufacturer of the Covered Equipment ("Authorized Service Center"). If SPS or the Authorized Service Center, as applicable, determines that the Covered Equipment has incurred Covered Damage, SPS will, in its discretion, either: (a) authorize you to have the Covered Equipment repaired at an Authorized Service Center and issue to you payment of reasonable repair costs, or (b) reimburse you for the Fair Market Value of the Covered Equipment; provided, however, that no such repair costs or reimbursement shall exceed \$25,000. If SPS chooses to reimburse you for the Fair Market Value of the Covered Equipment, then, at your cost and upon the request of SPS, you shall transfer title and deliver the Covered Equipment to SPS.

4.3 If Covered Equipment is sent to an Authorized Service Center pursuant to Section 4.2, SPS reserves the rights to: (a) contact the Authorized Service Center directly to discuss repair costs and damage to the Covered Equipment to assess and verify that such damage constitutes Covered Damage; and (b) request that the Authorized Service Center forward the Covered Equipment or components thereof to SPS for inspection.

Article 5 - Miscellaneous

5.1 This Policy is in excess of, and applies only to the extent necessary beyond, any coverage for the Covered Equipment provided by other sources, including, but not limited to, any manufacturer's warranty or any extended warranty coverage.

5.2 This Policy will be governed by the laws of the State of Texas, without regard to its conflicts of laws provisions. Unless modified in writing and signed by SPS and you, the terms of this Policy are the complete and exclusive agreement between SPS and you, superseding all prior agreements, oral and written, and all other communications between SPS and you relating to the subject matter hereof. No employee of SPS or other party is authorized to make any representations concerning the subject matter of this Policy beyond those made herein. The provisions of this Policy are severable, and the invalidity or unenforceability of any provision will not affect the validity or enforceability of its other provisions.