



PURCHASE ORDER TERMS AND CONDITIONS

All purchase orders ("POs") issued by Ideal Power ("Buyer") are made expressly subject to these additional terms and conditions ("Terms").

These Terms are between Ideal Power and the seller listed on the Purchase Order ("Seller"). The PO constitutes Ideal Power's offer for Seller to supply named products ("Purchased Products") or services ("Purchased Services") and is a binding contract on the terms and conditions set forth herein when it is accepted by Seller or on commencement of performance hereunder. No condition stated by Seller in accepting or acknowledging this PO shall be binding upon Ideal Power if in conflict with, inconsistent with, or in addition to the terms and conditions contained herein unless accepted by Ideal Power's written approval. Any additional or different terms proposed by Seller are objected to and rejected unless expressly assented to in writing by Ideal Power. In the event there are conflicting terms and conditions between the PO and an additional valid agreement fully executed by both parties (the "Other Agreement"), the Other Agreement will prevail through the term of the Other Agreement.

No revisions to the PO shall be valid unless in writing and signed by an authorized representative of Ideal Power.

1. ACCEPTANCE

By shipping the Purchased Products or performing the Purchased Services specified in the PO, Seller accepts and agrees to be bound by these Terms.

2. TIMELY PERFORMANCE

Seller acknowledges and agrees that time is of the essence in the delivery of the goods or completion of the services within the time frame mutually agreed upon by Ideal Power and Seller, is vital to the interest of Ideal Power, and that failure to complete the services within such timeframe constitutes a breach of this PO.

3. CHANGES

Ideal Power reserves the right at any time fifteen (15) or more days prior to shipment to make a change as to: (1) method of delivery; (2) place of delivery, (3) schedule of delivery and (4) quantities of delivery.

4. CANCELLATION

Ideal Power reserves the right to cancel this PO, or any portion of thereof, without liability, if; (a) as time is of the essence in this PO, delivery is not made when and as specified; (b) Seller fails to meet contract commitments as to exact time, price, quality or quantity; (c) Seller ceases to conduct its operations in the normal course of business; (d) Seller is unable to meet its obligations as they mature; (e) proceedings are instituted against Seller under the bankruptcy laws or any other laws relating to the relief of creditors; (f) a receiver is appointed or applied for by Seller; or (g) any assignment is made by Seller for the benefit of creditors. Ideal Power also reserves the right to cancel for any other reason permitted by the Uniform Commercial Code then in effect in the State of Texas. In the event of a cancellation, Ideal Power shall have no further obligations to Seller except to pay for deliverables that were provided to Ideal Power prior to such termination and were accepted by Ideal Power. Upon termination, Seller shall provide any transition assistance that may be reasonably requested by Ideal Power.

5. DELIVERY

Seller shall deliver the goods or services to Ideal Power by appropriate conveyance no later than by the dates specified in the PO.

6. INSPECTION AND REJECTION



All goods are subject to final inspection and acceptance by Ideal Power at destination notwithstanding any payment. Such inspection will be made within a reasonable time after receipt of goods. Ideal Power shall notify Seller if any goods delivered hereunder are rejected, and at Ideal Power's election and Seller's risk and expense, such goods shall be held by Ideal Power or returned to Seller. No replacement or correction of nonconforming goods shall be made by Seller unless agreed to in writing by Ideal Power.

7. INVOICING

Invoices shall be emailed immediately after shipment of goods or rendering of service is complete to ap@idealpower.com, copying the Seller's primary business contact at Ideal Power. Delays in receiving invoices, errors, or omissions on invoices or lack of supporting documentation required by the terms of this PO will be cause for postponing the start of the payment terms until the correct information is received. Ideal Power will not be responsible for charges on invoices received more than 120 days after the rendering of service is complete or shipment of the goods unless indicated otherwise in a written agreement between Ideal Power and Seller.

8. PAYMENT

In consideration of the performance of the completion of the obligations by Seller and acceptance by Ideal Power under the PO, Ideal Power will pay the applicable invoice amount. Payment terms are net 30 days from receipt of invoice unless indicated otherwise in a written agreement between Ideal Power and Seller.

9. DISPUTED CHARGES

Where any item or items on an invoice are disputed Ideal Power may withhold payment for the item or items so disputed until such time as the dispute is resolved.

10. SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants that: (a) Seller owns all rights, title and interest in the products and services and has legal authority to sell, license or otherwise transfer the right to use or sell such items to Ideal Power; (b) the product and service covered under the PO are of good and merchantable quality and free from defects in design, material and workmanship, are safe and conform to applicable specifications, drawings, samples, descriptions and associated documentation provided to the Seller in writing; (C) the product and services, and the production and sale thereof, and all warranties, guarantees, representations by Seller made or authorized to be made in connection therewith are in all respects in compliance with all applicable international, federal, state, local laws, rules and regulations; (d) the goods are fit for the use intended; (e) no Purchased Product and/or Purchased Service, or their sale or use will infringe any patents, trademarks, copyrights, trade secrets or similar intellectual property rights of any third party; (f) Seller will comply with all federal, state and locals laws, ordinances, rules and regulations applicable to its performance under this PO. (g) Seller has not changed any compositions, formulations, or other constituents of the Purchased Products without written approval from Ideal Power.

11. COMPLIANCE WITH LAWS

Seller represents and warrants that no law, regulation or ordinance of the United States, or any state or governmental authority or agency has been violated in the manufacture, procurement, transporting or sale of any of the deliverables or services furnished, work performed, or service rendered pursuant to this PO.

12. INDEMNIFICATION

Seller shall assume entire responsibility for and shall defend, indemnify and hold Ideal Power, and its directors, officers, employees and agents (collectively, the "Indemnitees") harmless against all losses, liabilities, claims, costs and expenses arising directly or indirectly out of or in connection with the performance related to this PO arising

from, but not limited to: Injury to any person in the employment of the Seller or any Seller subcontractors; Loss of or damage to the property of Seller, any subcontractor and any of their respective personnel whatsoever and howsoever arising, or by reason of any actual or alleged infringement of any United States patent, copyright or trade secret arising out of the services, products and/or deliverables supplied to Ideal Power by Seller. The provisions of this paragraph "Indemnification" shall survive the termination of the PO for whatever reason.

13. OWNERSHIP

Seller acknowledges that, as between the parties, Ideal Power owns all specifications, documents and other information (and all copyrights, patents, mask work rights or other intellectual property rights (collectively, "IP") therein) it makes available to Seller ("Ideal Power Materials"). Seller further acknowledges that all modifications or enhancements to such materials, and all works of authorship, designs, inventions, improvements, developments or discoveries conceived, made or discovered by Seller, solely or in collaboration with others, which arise from Ideal Power Materials, or from Seller's performance of its obligations hereunder ("Work Product"), are the sole property of Ideal Power. Seller hereby assigns to Ideal Power, on a perpetual and worldwide basis, all Work Product and any IP therein. Seller shall assist Ideal Power, or its designee, at Ideal Power's expense, in every proper way to secure Ideal Power's rights therein, including the disclosure to Ideal Power of all pertinent information with respect thereto, as well as the execution of all applications, specifications, oaths, assignments and other instruments. If Seller incorporates any of its own preexisting IP, or any third-party IP (collectively, "Retained IP") into the Work Product, or if any Retained IP is necessary to the full exercise of Ideal Power's rights in the Work Product, then Seller shall so notify Ideal Power in writing, and Seller hereby grants to Ideal Power a non-exclusive, royalty-free, fully paid up, irrevocable, worldwide, perpetual, sublicensable license to make, have made, sell, offer for sale, use, execute, reproduce, modify, adapt, display, perform, distribute, make derivative works of, import, export, and disclose the Retained IP in connection with the Work Product.

14. LICENSE

Ideal Power hereby grants to Seller the non-exclusive, non-transferable, non-sublicensable right to use the Ideal Power Materials solely to perform Seller's obligations hereunder. Seller acknowledges that Ideal Power hereby reserves all rights except those expressly granted herein, and that no right or license will arise by implication, estoppel or otherwise by operation of law.

15. CONFIDENTIALITY

Seller acknowledges that it is, may be or will be privy to Confidential Information. Seller agrees it will use the Confidential Information only in the furtherance of its work under the PO and shall not transfer or otherwise disclose the Confidential Information to any third party except with written authorization from an officer of Ideal Power.

16. INSURANCE

Whenever Seller shall, by virtue hereof, have in its possession property of Ideal Power, Seller shall be deemed as insurer thereof and shall be responsible for its safe return to Ideal Power. If Seller is to perform any services for Ideal Power on any premises owned or controlled by Ideal Power or elsewhere, Seller agrees to: (1) keep such premises and work free and clear of all mechanic's liens, and furnish to Ideal Power proper affidavits and/or waivers certifying thereto; (2) perform such services at Seller's sole risk prior to its written acceptance by Ideal Power, and replace at Seller's sole expense all property damaged or destroyed by any cause whatsoever; (3) carry workmen's compensation insurance covering all employees to be used by Seller or Seller's subcontractors in connection with such services and public liability insurance covering Seller's liability hereunder; and (4) prior to commencing the performance of any services hereunder, furnish to Ideal Power certificates of its insurance carrier showing that such

workmen's compensation and liability and property damage insurance is in force. All shipments shall be insured for full value of goods therein. This insurance shall include the full value of any materials furnished by Ideal Power whether or not these materials have been altered by Seller. Seller accepts full responsibility for financial reimbursement to Ideal Power for all materials, lost or damaged and not insured.

17. PUBLICITY

Seller shall not make or publish any notice, advertisement, press release, or other communication with respect to the PO, its contents, or the goods or services without Ideal Power's prior written consent. Seller shall not use Ideal Power's name or logo in any of its advertising, client list, or sales promotional material without Ideal Power's prior written consent.

18. EQUAL OPPORTUNITY

Seller will provide services to Ideal Power. without discrimination on account of race, sex, color, religion, national origin, age, physical or mental disability, or veteran's status.

19. DISPUTE RESOLUTION

All disputes arising under this Agreement shall be settled in a federal or state court of competent jurisdiction located in Austin, Texas. All parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of any federal or state court located within Austin, Texas, with respect to any legal action or proceeding arising out of or relating to this PO or any of the transactions contemplated hereby and each party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action or proceeding related thereto may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such action or proceeding brought in such court or any defense of inconvenient forum for the maintenance of such action or proceeding may be enforced in other jurisdictions by suit on the judgment or in any manner provided by law. Each of the parties hereto hereby consents to be served by any party to this PO in any suit, action, or proceeding delivered personally or by the mailing of a copy thereof postage prepaid by United States registered or certified mail, return receipt requested, or by any nationally recognized overnight carrier service (i.e., Fed Ex or UPS) with delivery confirmation, to the parties at the addresses set forth in the PO.

20. ASSIGNMENT

No assignment of any rights, including rights to money due or to become due hereunder, or delegation of any duties under this order shall be binding upon Ideal Power until its written consent has been obtained.

21. HEADINGS

The headings contained in this PO are for convenience of reference only and are not intended to have any substantive significance in interpreting the PO Terms.

22. FORCE MAJEURE

Both parties shall be relieved from any and all liability under or in connection with this PO to the extent that such liability arises from any failure to perform any of its obligations under or in connection with this PO has been caused or contributed to by a force majeure event or circumstance including acts of God, war, hostilities (whether war be declared or not), civil disturbance, government action, strikes, lockouts, or labor disputes, computer virus, or any other event or circumstance or cause whatsoever beyond the reasonable control of the party.

23. SEVERABILITY AND INDIVIDUAL PROVISIONS

If any term, condition, or provision of this PO is for any reason declared or found to be illegal, invalid, ineffective, inoperable, or otherwise unenforceable, it shall be severed and deemed to be deleted from this PO and the validity and enforceability of the remainder of the PO Terms shall not be affected or impaired thereby the remaining terms shall remain in full force and effect.

24. WAIVER OF FAILURE TO ENFORCE A PROVISION

Failure by either party at any time to enforce any provision of this PO against the other shall not be construed as a waiver of such entitlement and shall not affect the validity of this PO or any part or parts hereof or the right of the relevant party to enforce any provision in accordance with its terms. The rights and/or remedies of either party may only be waived by formal written waiver which is signed by a duly authorized representative of the party waiving its rights and which makes express and unequivocal reference to the waiver being made.

25. APPLICABLE LAW

This PO shall be governed by and construed in accordance with the laws of Ideal Power, without regard to conflicts-of-law principles.