

POWER ENGINEERS, INC.

Business Conduct Policy

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INTRODUCTION

POWER is committed to the highest ethical standards and to compliance with all applicable laws and regulations. In this Business Conduct Policy (“Policy”), we describe the responsibilities of POWER with respect to these standards, laws and regulations. The Policy applies to all our employees, including employees of our subsidiaries, branches and divisions. The Policy has been prepared to help you understand and abide by our policies and procedures. We expect that you will comply with the Policy, be generally aware of laws and regulations that apply to your job and recognize sensitive issues that require a more detailed legal analysis. We also realize that no Policy statement can address with precision every situation you may encounter and that you may have questions about how the Policy applies to a particular situation. If you have any questions concerning your activities on behalf of POWER, it is important that you seek guidance from your supervisor and then POWER’s General Counsel.

I. Ethical Business Practices

POWER requires that employees adhere to lawful and ethical business practices at all times. Examples of certain activities that are prohibited are set forth below. These examples are intended to highlight some prohibited practices, but they do not address every kind of prohibited practice.

a) Bribery

Use of POWER funds or property for illegal, unethical or otherwise improper purposes, including bribes, kickbacks, and payoffs are prohibited.

Bribery is the giving of money or anything else of value in an attempt to influence unlawfully the action of a public official. No employee should pay, offer or authorize any bribe or make any other unlawful payment on behalf of POWER. This prohibition extends to payments to consultants, agents or other third parties when you have reason to believe that some part of the payment or “fee” will be used for a bribe or to otherwise improperly influence government action. This prohibition does not apply to payments approved by law. (As a related matter, please note the discussion of “Foreign Corrupt Practices” below.)

Payment (other than purchase of a product or service) or giving a gift of more than nominal value to suppliers or customers or their agents, employees or fiduciaries may be considered a kickback and may be a violation of law. No employee should pay, offer or authorize an unlawful payment or gift to suppliers, customers or their agents, employees or fiduciaries. (As a related matter, please note the discussion of “Promotional and Sales Activities” below.)

b) Political Contributions and Activities

In the U.S., federal and many state laws prohibit corporations from making political contributions. No employee may make any political contribution of any kind, on the federal level, in the name of POWER, or use POWER funds for this purpose. You should not make a personal contribution based on a promise to be reimbursed by POWER. On the state, county and local level, and in countries other than the United States, political contributions may be authorized on behalf of POWER only after the President, or designee, has certified in writing that such a contribution would comply with applicable law. When permission is given, such contributions shall be by check to the order of the political candidate or party involved, or by such other means as will readily enable POWER to verify, at any given time, the amount and origin of the contribution. These prohibitions relate only to use of corporate funds, property and assets and are not intended to discourage employees from making personal political contributions (including those to a Political Action Committee) or engaging in personal political activities on their own time.

c) Gifts and Entertainment

Employees and members of an employee's family must neither solicit nor accept from suppliers, customers or others dealing with POWER, honoraria, loans, fees, services or monetary gifts of any kind. Employees may accept unsolicited non-monetary gifts or entertainment which conform to customary business practices and are not of significant value, provided that an employee accepting such gifts or entertainment must not give the person or entity offering such gifts or entertainment any preferential treatment, and must avoid even the appearance of preferential treatment. An employee may provide gifts, promotional items and entertainment at POWER expense in the normal course of business as long as they:

- Are reasonable and consistent with applicable laws and with accepted ethical standards and business practices approved at division manager level or higher; or
- Are authorized, properly recorded, and of sufficiently limited value so they are not construed as a bribe, payoff or kickback; and
- Would not embarrass POWER should public disclosure be made.

d) Employment of Former Government Employees

Specific laws and regulations govern the circumstances under which former military officers or other government employees may be employed by private concerns, whether directly as employees or indirectly as consultants, agents, representatives or other providers of personal services. These legal requirements also govern (a) the circumstances under which pre-employment discussions may take place and (b) restrictions which may apply to former military officers and government employees after they are employed. Guidance must be obtained from Human Resources before any action is taken which may lead to the employment, directly or indirectly, of former military officers or other government employees.

II. POWER Record-Keeping and Accounting

All books and records of POWER, including travel and entertainment and other expense reports, must accurately reflect all receipts and expenditures. There shall be:

- No secret account or undisclosed or unrecorded funds or asset of POWER; or
- No false or artificial entries; and
- No transaction made and no payment approved with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

III. Conflicts of Interest

It is expected that an employee's entire working abilities will be available to POWER. No employee may participate in outside business activities of a managerial or directorial nature or any regular income producing outside activity, except:

- With the prior written approval of the employee's immediate supervisor and one division manager; or
- As otherwise approved by the Board of Directors. Subject to the limitations imposed by this Policy, each employee is free to engage in outside activities that do not interfere with the performance of his/her job or otherwise conflict with POWER's interests. If activities are of a controversial or sensitive nature, employees are expected to seek the guidance of their immediate supervisor before engaging in such activities.

All employees have a duty to avoid business, financial or other relationships that might conflict with POWER's interests or impair or influence the employee's ability to discharge their duties.

There are potential conflicts of interest inherent in certain situations such as:

- When an employee or a member of an employee's family has a direct or indirect financial interest in, or obligation to, an actual or potential competitor, supplier, or customer of POWER or any business with which POWER has or is contemplating a relationship. (This does not include small stock ownership in publicly traded companies, i.e., less than 1% for outstanding shares.); or
- When an employee conducts business on behalf of POWER with a supplier or customer in which a relative is a representative or principal officer.

An actual or potential conflict of interest between an employee and POWER is prohibited, unless specifically approved in writing by the President.

Potential conflict of interest situations should be brought to the attention of the President, and management committee, who in determining the presence or absence of a conflict of interest, will consider the following:

- The amount of the financial interest of the employee (and/or family members) in the third party; and
- The employee's position with POWER and the resulting influence the employee may have in business dealings with the third party.

Employees should not:

- Acquire real property, leaseholds, patents or other property or rights in which POWER has, or the employee has reason to believe that POWER is likely to have, an interest;
- Use a POWER position or title, or any POWER equipment, supplies or facilities, in connection with outside activities, or do anything that might imply sponsorship or support by POWER of an activity, unless such use has been approved in writing by the employee's immediate supervisor and division manager level.

Where there is a potential conflict of interest or an appearance of a conflict of interest between an employee and POWER, the employee shall advise the President and management committee as promptly as practicable and describe the nature of the transaction and the potential conflict of interest. The President shall notify the Board of any such potential conflict of interest to ensure the integrity of POWER's best interests.

IV. Confidential Information and Your Job

Employees may acquire during their employment confidential information concerning POWER or a third party. Confidential information includes any information which is not publicly disclosed and which could be useful or helpful to POWER or which could be useful or helpful to competitors of POWER or investors. Common examples include information relating to: proposed acquisitions, important financial data, major new contracts, research projects, the status of a contract in the government approval process, manufacturing methods, pricing information or information from a third party which is the subject of a confidentiality agreement. All employees must safeguard confidential information and not disclose confidential information to anyone, inside or outside POWER, who has not been authorized to receive it.

Confidential information is to be used solely for POWER purposes and not for personal gain by the employee, family or friends.

The employee's legal obligations with respect to confidential information shall survive termination of employment with POWER, regardless of the reason for termination. In the U.S., there are laws that impose penalties on companies and individuals who improperly obtain trade secrets of third parties. No employee may engage in any activity designed or intended to obtain improperly any trade secret of any third party.

V. Dealing with Competitors – Antitrust and Competition Laws

Employees are prohibited from entering into any agreements or understandings which violate antitrust or competition laws. Antitrust and competition laws are designed to protect and foster competition within the free enterprise system. To accomplish this goal, the language of these

laws is broad, in order to give enforcement agencies the right to examine many different business activities to judge their effect on competition. The following is a representative list of the type of arrangements with competitors, which have been clearly identified as violations of antitrust, and competition laws:

- Agreements to fix or affect prices, or other terms or conditions of service or sale;
- Agreements to allocate customers, markets or territories;
- Agreements to fix production levels or quotas;
- Agreements to boycott third parties.

In addition, other activities such as price discrimination, tie-in sales, and exclusive dealing or reciprocity arrangements may violate the law if they are deemed to substantially reduce competition. All of the above should be considered prohibited subjects.

A formal agreement is not necessary for there to be an antitrust or competition law violation. For example, discussions among competitors or joint actions by competitors may violate the law. Employees must be extremely careful not to discuss any prohibited subject with competitors generally. Employees should be mindful of antitrust and competition laws in the context of all individual discussions or relationships with industry counterparts.

Particular attention should be paid to your activities at trade association meetings which, by definition, are groups consisting of competitors. No employee shall attend any trade association or similar meeting unless it has been called for a valid business purpose. Should any improper discussion ensue at a trade association meeting or at any other time, you should leave (or hang up the telephone) immediately and report the incident as soon as possible to your division manager. Antitrust violations can result in heavy civil fines and criminal penalties at both the corporate and individual levels. Not only may U.S. antitrust laws apply to POWER's foreign operations, but the laws of a number of foreign jurisdictions also have similar antitrust or competition provisions. Employees should immediately bring to the attention of their division manager any proposed action or activity with possible anticompetitive effect.

VI. Doing Business Internationally

POWER is committed to observing the highest ethical standards in all of our business transactions – including those in foreign countries. All employees are expected to observe all foreign laws to which they or POWER may be subject. U.S. companies and their international affiliates are subject to trade restrictions issued by the U.S. government. These laws are based upon U.S. national security and foreign policy concerns, and are strictly enforced by departments and agencies of the United States Government. Several important examples of these laws are described below.

a) Foreign Corrupt Practices

The U.S. Foreign Corrupt Practices act makes it illegal for companies and individuals subject to U.S. laws to make payments to foreign government officials or employees for the purpose of influencing an act or decision to obtain retain or direct business. This prohibition extends to payments to consultants, agents or other third parties when you have reason to believe that some

part of the payment will be made to a foreign government official or employee. This law does not prohibit modest “expediting” or “facilitating” payments to foreign government officials to expedite or advance the routine performance of legitimate duties. While such “expediting” or “facilitating” payments to government officials or employees are prohibited in the U.S., small payments in the nature of gratuities to foreign government functionaries may be permissible. If you are unsure whether a practice is permissible, you should talk to the General Counsel.

b) U.S. Foreign Trade Controls

All employees of POWER shall comply fully with U.S. foreign trade control laws and regulations. These laws severely restrict, and prohibit in some cases, trade with specified countries outside the U.S. For example, trade currently is severely restricted between U.S. persons and governments, businesses or individuals in Cuba, Iran, Iraq, Libya, and N. Korea. In addition, U.S. law severely restricts or prohibits trade with several thousand persons and companies the U.S. government believes are acting on behalf of those countries, or on behalf of certain terrorist or narcotics trafficking groups. These restrictions also apply to U.S. citizens and permanent residents, to foreign employees while present in the U.S., and to international affiliates of U.S. companies.

These laws also regulate the conditions under which certain goods, technology, funds and services may be supplied to or obtained from foreign parties and locations, not only to or from the U.S. but, where there is a U.S. interest in the supplier or the item to be supplied, from third countries. Violations of (or attempts to violate) U.S. foreign trade control laws can subject POWER and its employees to severe penalties, including fines and imprisonment. Prior consultation with and approval by the President and management committee is required before any business unit enters into or performs any transaction involving any of the countries, entities, persons or groups that are the subject of the U.S. foreign trade sanctions.

c) Boycotts

The anti-boycott laws are intended to prevent U.S. companies and their non-U.S. affiliates from supporting a boycott imposed by any country against a country friendly to the U.S. Participation in, or cooperation with, any international boycott not approved by the U.S. government may create serious problems for POWER in the form of severe civil and criminal sanctions. Under anti-boycott laws and regulations, POWER is prohibited from refusing to do business with anyone based upon race, religion, gender or national origin and from providing information about these matters to customers or potential customers. They also prohibit the providing of information about business relationships that POWER may have with a boycotted country. If POWER receives a request to participate in a boycott, POWER must report this to certain government agencies. Compliance with boycott requests or failure to promptly report the receipt of boycott requests can subject POWER and its employees to severe penalties, including fines and imprisonment. It is imperative that no employee participates in, cooperates with, or provides any information with respect to any international boycott without such proposed action having been reviewed and approved in writing by POWER’s President.

VII. Business Integrity Reporting

When POWER is acting as a government contractor it may be required, regardless of value of the contract or duration of performance, to disclose to the Office of Inspector General of the relevant government agency credible evidence of federal criminal law violations involving fraud, conflict of interest, bribery, or gratuities; violations of the civil False Claims Act; or significant overpayment of the contract. The potential penalty for failure to disclose under the applicable rules includes debarment or suspension, thereby precluding POWER from entering into other contracts with the federal government. The new rules do not mandate the disclosure of every alleged violation of law that comes to a government contractor's attention. POWER must only disclose alleged violations when there is reasonable credible evidence to support the claim.

VIII. Employment Policies

a) Equal Opportunity

As described in the POWER Employee Manual ("Manual"), POWER is committed to providing a work environment free of discrimination, including any form of harassment. POWER prohibits harassment, including any verbal or physical harassment directed toward an employee's race, color, religion, gender, age, national origin, citizenship status, marital status, sexual orientation, disability or veteran status. The Manual applies to all conduct on POWER's premises and to all conduct by POWER employees off the premises that affects an employee's work environment. All management personnel are responsible for the enforcement of POWER policies relating to discrimination and harassment.

IX. Cooperating With Government and Judicial Authorities

It is the policy of POWER to cooperate with any governmental investigation or court proceeding. Accordingly, if you reasonably believe that a government investigation or inquiry is imminent or in progress, this information should be communicated immediately to your division manager.

Employees should never:

- Destroy or alter any POWER documents in anticipation of a request for those documents from any government agency or court proceeding;
- Make any false or misleading statements to any governmental investigator during an investigation;
- Attempt to cause any other POWER employee, or any other person, to fail to provide information to a government investigator, or to provide false or misleading information.

While government inspections are normally conducted during business hours at POWER facilities, investigators may attempt to contact POWER employees at their homes during the evening or at other times outside of normal business hours. In the unlikely event that you are approached after hours by government employees or other government investigators, you should feel free to speak with them. However, you are not required to speak to them. You also may request that they conduct any discussions with you on POWER premises during regular business

hours, and you may ask that a POWER representative be present during any discussion. We request that you immediately report any contacts by government investigators regarding POWER matters to your division manager. If you have questions concerning a government investigation or inquiry, please contact your division manager.

X. Duty to Report Violations

Each employee is responsible for reporting to POWER any circumstances that the employee believes may constitute a violation of this Policy as well as any other POWER policies. Employees must act in good faith in reporting possible business conduct or other policy violations. Suspected policy violations, other than employment violations which are reported to Human Resources, may be reported by letter, telephone or in person to your division manager. POWER will investigate any matter reported and will take any appropriate corrective action. No retribution against employees for reporting violations of this Policy is permitted.

XI. Implementation of Policy

This Policy is distributed to all employees and to all new employees at the time of their employment. All employees must sign an acknowledgment that they have read, understood and agree to comply with this Policy. Employees must sign the acknowledgment at the time of employment and whenever this Policy is reissued.

The Human Resources Department is responsible for maintaining a record that all required acknowledgments have been signed. The General Counsel shall confirm annually to the President that this provision of the Policy has been complied with.

Compliance with the Policy may be periodically tested by audits conducted by POWER. Any division of POWER may adopt additional business conduct provisions applicable to employees of the division or any part thereof, provided such provisions:

- i) Do not eliminate or reduce any employee obligation set forth in the Policy; and
- ii) Have been approved by the management committee or the board.

XII. General

It is expected that all employees will be guided by the Policy and will make sound judgments as to ethical business conduct. Where there is any doubt as to the proper course of action, employees should discuss the matter with their division manager. All employees are responsible for knowing and abiding by the Policy and procedures of POWER that apply to their jobs and to employees generally.