



reasonable precautions to prevent the unauthorized disclosure to any third party of the Confidential Information which it receives hereunder.

2. Each party shall, at the request of the other, return or destroy all Confidential Information disclosed to it hereunder, in whatever form contained, including any and all copies thereof.

3. As used herein, the term "Confidential Information" shall not include:

- (a) Information which, at the time of disclosure to the receiving party is published, known publicly or is otherwise in the public domain; or
- (b) Information which, after disclosure to the receiving party is published or becomes known publicly or otherwise becomes part of the public domain, through no fault of the receiving party; or
- (c) Information which, prior to the time of disclosure to the receiving party, is known to the receiving party, as evidenced by its written records; or
- (d) Information which has been or is disclosed to the receiving party in good faith by a third party who was not, or is not, under any obligation of confidence or secrecy to the other party at the time said third party discloses to the receiving party; or
- (e) Information which is independently developed by or on behalf of the receiving party, without reliance on the Confidential Information received hereunder.

4. Each party agrees to keep in strict confidence and not to disclose the identity, interest and participation of the other party in connection with the subject matter of this Agreement or the relationship of the parties hereunder, unless such disclosure is agreed upon in writing by both parties.

5. Each party represents that it is under no obligation to any third party that would interfere with its disclosing the above-described Confidential Information to the other party and, further, that any Confidential Information which it discloses to the other party is not information the disclosing party is under any obligation to keep confidential or which the disclosing party knows to be the proprietary property of any third party.

6. No right or license to use any Confidential Information disclosed hereunder, either express or implied, is granted by either party to this Agreement.

7. Nothing in this Agreement shall be construed as obligating either party to enter into any future agreements with the other party in connection with the subject matter of this Agreement.

8. Either party shall have the right to terminate this Agreement upon written notice to the other party, however the obligations of confidentiality and non-use set forth herein shall remain in effect for the period set forth in Paragraph 1 above.

9. Nothing shall preclude either party from disclosing Confidential Information which is required to be disclosed in compliance with applicable laws or regulations or by order of a court or other body of competent jurisdiction, provided the recipient of the Confidential Information shall have given the disclosing party or used its reasonable effort to give the disclosing party, prior to making any disclosure, notice of the requirement to disclose so that the disclosing party may seek a protective order or similar relief where appropriate.

10. Each party acknowledges that its obligations hereunder are necessary and reasonable in order to protect the other's business, and expressly agrees that monetary damages would be inadequate to compensate the other for any breach of any covenant or agreement set forth herein. Accordingly, each of the parties agrees and acknowledges that any such violation will cause irreparable injury to the other and

that, in addition to any other remedies that may be available, in law, in equity or otherwise, the injured party shall be entitled to obtain injunctive relief against the threatened breach of this Agreement or the continuation of any such breach, without the necessity of proving actual damages.

11. If any provision of this Agreement should be held to be void or unenforceable, in whole or in part, such provision or part thereof shall be treated as severable, leaving valid the remainder of the Agreement.

12. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. This Agreement may not be superseded, amended or modified except by written agreement signed by an authorized representative of each party.

13. If any arbitration, litigation or other legal proceeding occurs between the parties relating to this Agreement, the prevailing party shall be entitled to recover (in addition to any other relief awarded or granted) its reasonable costs and expenses, including attorney's fees incurred in the proceedings.

14. This Agreement is made and entered into in Newport Beach, California, U.S.A. The parties expressly agree that this Agreement shall be governed by, construed, interpreted and enforced under the laws of the state of California, without regard to the conflicts of laws principles thereof. The parties expressly agree on, and submit to the jurisdiction of the state and federal courts within Orange County, California, for the resolution of any dispute concerning the enforcement, breach, interpretation or validity of this Agreement

15. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiation and discussions, whether oral or written.

IN WITNESS WHEREOF, the parties intending to be legally bound have caused this Agreement to be executed by their duly authorized representatives as of the last date set forth below.

PowerPhysics, Inc.

By: \_\_\_\_\_

By: \_\_\_\_\_

Gordon Wanlass  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_