

DANFOSS DRIVES STANDARD TERMS AND CONDITIONS OF SALE

Please read these terms and conditions carefully. They materially affect the parties obligations. Danfoss Drives, Division of Danfoss Inc. (Seller) will accept orders and do business only on the terms and conditions on this form.

1. Acceptance; Contrary Terms; Entire Agreement - All orders for goods and/or services (.Articles.) are subject to acceptance by Seller. BUYER'S ORDER IS ACCEPTED ONLY ON THE TERMS AND CONDITIONS CONTAINED HEREIN and Seller's acceptance is conditional on assent to these terms and conditions. If any of these terms and conditions is not acceptable to Buyer, Seller must be notified promptly. This writing is intended by Seller and Buyer to be the complete, exclusive, and final statement of their agreement. Any changes to this agreement must be in writing and signed by Seller and Buyer.
2. Taxes and Fees - All sales, excise and similar taxes that the Seller may be required to pay or collect with respect to the Articles will be for the account of the Buyer, except as otherwise provided by law. Except as otherwise provided herein, Seller will not be responsible for freight, transportation, insurance, shipping, storage, handling, demurrage or similar charges. If such charges are by the terms of sale included in the price, any increase in rates effective after the date hereof will be for the account of the Buyer. Buyer will also pay Seller any collection fees and reasonable attorneys' fees incurred by Seller in enforcing this agreement or defending against any claim for breach of this agreement.
3. Excuse from Performance - Seller is excused from performance if performance is rendered impractical by any accident; war; delay; interruption in or failure of sources or subcontractors to supply materials and equipment; labor or transportation problem; act of God; or other causes and conditions that are beyond the Seller's reasonable control; or any governmental orders, contracts, priorities, directives, requisitions or requests, whether or not voluntarily assumed.
4. Cancellation - Buyer may not cancel its order for any delays in delivery without giving at least thirty days prior written notice of its intent to do so, and in no event after the Articles have left the point of shipment. Cancellation, modification, suspension, or delay in shipment of Buyer's order will not be accepted on terms that will not fully indemnify and reimburse the Seller against loss. Such indemnity will include recovery of all direct costs incurred, including indirect and overhead charges and profit.
5. Risk of Loss; Shipment unless otherwise specified, all shipments are F.O.B. Seller. Shipping dates on any order are estimates only. Seller will use every reasonable effort to meet the estimated shipping date, subject to Buyer's prompt provision of all necessary, complete and correct specifications, but Seller will not be held responsible for failure to meet such estimated dates. Unless otherwise stated herein, Seller may make delivery in installments. All installments will be separately invoiced and paid as billed without regard to subsequent deliveries. Failure to pay any installment when due will excuse Seller from making future deliveries. Seller will not be liable for normal variations in tolerance, dimensions, weights and quality. Weights, sizes and quantities as determined at Seller's plant or other source of supply will be conclusive.
6. Boxing and Cartage - No charge is made for boxing or crating required by transportation company for domestic shipments. Cost of special boxing, export boxing, cartage or transfer expenses will be added to the invoice unless charges are shown to be included in the prices quoted.
7. Prices: Payment Terms - Unless specifically held open for a length of time on Seller's Quotation, all prices are subject to change without notice and any unshipped balances on purchase orders will be invoiced to and paid by Buyer at prices in effect at the time of delivery. Invoices are payable in full 30 days following the invoice date. If by the terms of sale credit is extended to Buyer, Seller reserves the right to revoke such credit if Buyer fails to pay for any Articles when due, and Seller may demand payment before any further shipment. Invoices not paid within 30 days following the invoice date are subject to a service charge of 1½% per month on the unpaid balance, until paid, not to exceed the maximum rate permitted by law. Seller may set off any amount due from Buyer, whether or not under this agreement, against any amount that may become due to Buyer.
8. Export Orders - Export orders are to be accompanied by a confirmed, irrevocable credit to Seller's account with an accredited United States bank, subject to Seller's draft, with shipping documents attached, payable in United States funds.
- 9.a. Standard Warranty and Limitation of Damages for VLT6000, VLT2800, VLT HVAC Drive, MCD3000 and their options. Subject to the terms herein below set forth, Seller warrants the Articles manufactured by it to be free from defects in material and workmanship if properly installed and operated and maintained under normal conditions of use and service, for 18 months from date of shipment. DrivePro Plus units are warranted for 36 months from date of shipment. Drive accessories ordered for shipment subsequent to the drive and all items mounted separate from the drive carry a 12-month, depot repair warranty.

If, within the warranty period, Seller receives from Buyer prompt written notice of any claim of defect and if, in the Seller's sole judgment, the Article is found to be defective in materials or workmanship, Seller, at its option and expense, shall replace or repair the defective Article. The Seller's obligation and the Buyer's exclusive remedy hereunder, shall be limited to such repair or replacement. Buyer shall, at Seller's request, ship the Article to the Seller, transportation charges prepaid. If such shipment is not reasonably possible, Seller shall provide service personnel at Buyer's premises to effect such repair or replacement. For Articles located in the 48 adjacent states; island of Oahu, Hawaii; Anchorage, Alaska; and Canada, the travel time and expenses shall be at the expense of Seller. For Articles located in the rest of Hawaii, Alaska and other countries, travel time and travel expenses will be billed to the Buyer.

- 9.b. Standard Warranty and Limitation of Damages for VLT Micro Drive, FCM, FCD and their options. Subject to the terms herein below set forth, Seller warrants the Articles manufactured by it to be free from defects in material and workmanship if properly installed and operated and maintained under normal conditions of use and service, for 12 months from date of shipment, not to exceed 18 months from date of manufacture. Drive accessories ordered for shipment subsequent to the drive and all items mounted separate from the drive carry a 12-month, depot repair warranty.

If, within the warranty period, Seller receives from Buyer prompt written notice of any claim of defect and if, in the Seller's sole judgment, the Article is found to be defective in materials or workmanship, Seller, at its option and expense, shall replace or repair the defective Article. The Seller's obligation and the Buyer's exclusive remedy hereunder, shall be limited to such repair or replacement. Buyer shall, at Seller's request, ship the Article to the Seller, transportation charges prepaid.

9. a. and 9. b. In no event will the Seller's liability be greater in amount than the purchase price of the Article, and Seller reserves the right to satisfy its warranty obligation hereunder in full by reimbursing the Buyer for all payments made to the Seller for the Article, and the Buyer shall thereupon return the Article to the Seller.

This warranty shall not be effective if the Article has been subject to overload, misuse, negligence or accident, nor if the Article has been repaired or altered outside of Seller's factory or authorized service station in any respect which, in Seller's judgment, adversely affected its condition or operation. Products manufactured by others and supplied by Seller as part of Seller's Articles are not warranted by Seller, and Buyer's sole recourse shall be under the warranty, if any, of such other manufacturer. Fuses are warranted only when a defect or malfunction of the Article or its components are found to be the cause of the fuse failure.

In cases where any Danfoss Drives drive is directly connected to a Danfoss Drives-sold motor, the Seller warrants that the Danfoss Drives drive will not cause motor insulation breakdown. The warranty will apply for the same period that the warranty described above applies to the Danfoss Drives drive up to a maximum of 36 months from date of shipment of the drive. The Seller's obligation and Buyer's exclusive remedy hereunder shall be limited to repair or replacement, at the Seller's discretion, of the Buyer's motor in case of such breakdown caused by the Danfoss Drives drive. This warranty shall not apply if there is any other warranty in force applicable to such motor at the time of breakdown and shall be conditioned upon the Seller receiving notice of such breakdown, within the warranty period. In all cases, the removal of the motor and the shipment of the motor to an authorized motor repair center is at the buyer's expense. Upon receipt of repair estimate, the Seller will authorize the expenses incurred for repair or replacement of the parts related to the insulation breakdown.

THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER EXPRESS AND IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MARKETABILITY OR FITNESS FOR A PARTICULAR PURPOSE, PERFORMANCE OR OTHERWISE. SELLER SHALL NOT BE LIABLE, UNDER ANY CIRCUMSTANCES, FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LABOR COSTS OR LOST PROFITS RESULTING FROM THE USE OF OR INABILITY TO USE THE ARTICLES OR FROM THE ARTICLES BEING INCORPORATED IN OR BECOMING A COMPONENT OF ANY OTHER PRODUCT.

10. Patent Indemnity; Limitation of Responsibility and Damages

(a.) In the event any Article not made to Buyer's specifications is claimed to infringe any United States patent, copyright, trademark or other trade designation, trade secret, or other intellectual property right in effect in the United States at the time Buyer's order is accepted, Seller agrees, at its option: (1) to procure for Buyer the right to use the Article; (2) to modify or replace the Article so as to avoid infringement; or (3) to accept redelivery of the Article and reimburse Buyer for the purchase price and any reasonable transportation expenses incurred by Buyer. Should any litigation be instituted against Buyer based on a claim that any Article in the condition received from Seller so infringes, Seller will undertake the defense on Buyer's behalf and pay any damages and cost awarded therein against Buyer, provided Seller is given prompt written notice and is furnished with copies of all demands, process and pleadings; and provided Buyer cooperates fully in giving Seller authority, information and assistance at Seller's expense for such defense, as well as control over the defense and any settlement and negotiations with regard to settlement.

(b.) THE FOREGOING REPRESENTS SELLER'S ENTIRE AND EXCLUSIVE OBLIGATION WITH RESPECT TO ANY CHARGE OF INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT AND IS IN LIEU OF ANY STATUTORY

WARRANTY RELATING TO INFRINGEMENT. SELLER WILL HAVE NO RESPONSIBILITY INsofar AS ANY ARTICLE IS MODIFIED BY BUYER OR IS MADE OR MODIFIED BY SELLER IN ACCORDANCE WITH BUYER'S ORDER, AND BUYER WILL INDEMNIFY, DEFEND AND HOLD SELLER HARMLESS AGAINST ALL DAMAGES, COSTS OR EXPENSES, INCLUDING ATTORNEYS' FEES, PAID OR INCURRED BY SELLER IN CONNECTION WITH ANY CLAIM OF INFRINGEMENT OF A PATENT, COPYRIGHT OR TRADEMARK, TRADE SECRET, OR OTHER PROPRIETARY RIGHT WHICH ARISES OUT OF SELLER'S COMPLIANCE WITH BUYER'S SPECIFICATIONS. SELLER WILL ALSO HAVE NO RESPONSIBILITY WITH REGARD TO ANY SETTLEMENT, ADMISSION OR PROMISE MADE BY BUYER WITHOUT SELLER'S PRIOR WRITTEN CONSENT, NOR WILL SELLER BE LIABLE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER, INCLUDING LOST PROFITS, CLAIMED TO HAVE BEEN SUSTAINED BY BUYER OR ANY USER OF AN ARTICLE ARISING OUT OF ANY CLAIM OF INFRINGEMENT.

11. WE HEREBY CERTIFY THAT THESE GOODS WERE PRODUCED IN COMPLIANCE WITH ALL APPLICABLE REQUIREMENTS OF SECTIONS 6, 7 AND 12 OF THE FAIR LABOR STANDARDS ACT AS AMENDED, AND OF REGULATIONS AND ORDERS OF THE UNITED STATES DEPARTMENT OF LABOR ISSUED UNDER SECTION 14 THEREOF.