



DANFOSS INC. AIR-CONDITIONING & REFRIGERATION DIVISION
TERMS AND CONDITIONS OF SALE

Effective Date: August 1, 2009

1. **CONTROLLING PROVISIONS** – All deliveries of products and services (“Products”) from Danfoss Inc. Air-conditioning & Refrigeration Division (“Danfoss”) to any customer (“Customer”) shall be governed exclusively by these Terms and Conditions. Danfoss' acceptance of Customer's offer is expressly conditioned upon Customer's acceptance of these Terms and Conditions and no addition to or modification shall be binding on Danfoss unless expressly agreed to in writing.
2. **ORDER CONFIRMATION** – Danfoss shall not be deemed to have accepted a purchase order until written, including electronic, confirmation of the order from Danfoss is received by Customer or Danfoss has received written, including electronic, timely and unconditional acceptance from Customer of Danfoss' quotation.
3. **TERMS OF DELIVERY**
 - a. **Risk of Loss** - Delivery terms shall be F.O.B. Dock with risk of loss passing to Customer upon leaving Danfoss premises.
 - b. **Responsibility** - Danfoss shall not be responsible for damage incurred during transportation. Claims for lost or damaged shipments shall be filed directly to the carrier by Customer. Exception: All UPS shipment claims must be filed by Danfoss. Scheduled shipping dates and time of delivery are approximate. Danfoss shall not be liable for any damage occurring as a result of late delivery or lost shipments. Any discrepancies in shipment must be reported within 5 working days of receipt.
 - c. **Delivery Options** - Absent Customer's special instructions, Danfoss shall choose the carrier, which may not be the least expensive carrier. All products are shipped prepaid and add via ground transportation unless otherwise specified. If collect shipment is required via small parcel service a collect account number is required.
4. **HANDLING FEE** - A handling fee of \$50 will apply to all orders under \$100.
5. **SAME DAY REQUEST** – A surcharge of \$25 will be added to the order value for any shipments requested to ship same day.
6. **PACKING** – Disposable packing is included in the stated price and will not be credited if returned. Reusable packing is not included in the price and shall be returned in accordance with Danfoss' instructions and at Customer's expense.
7. **PAYMENT TERMS** – Subject to credit approval by Danfoss, payment terms are net 30 days from the date of invoice. Should Danfoss fail to approve Customer's credit or should Danfoss reverse its approval of credit for any reason whatsoever, the terms of payment, at Danfoss' option, shall be full advance payment prior to shipment or by credit card. Danfoss reserves the right to withhold any and all shipments if Customer's account is past due. The purchase price shall be paid in full without regard to any setoffs claimed by Customer.
8. **TAXES** – Customer agrees to provide Danfoss with its assigned tax exemption number and agrees to pay, in addition to the purchase price, all applicable sales, use, excise, value added or other similar taxes.
9. **PRODUCT ALTERATION** – Provided that no agreed technical specification is changed, Danfoss reserves the right to make alterations to Products without notice.
10. **WARRANTY** – Danfoss warrants that all supermarket electronic control Products will be free from defects in materials or workmanship for a period of 18 months following shipment. All other Products will be free from defects in design, materials or workmanship for a period of 18 months commencing on the date stamped on the applicable product or for a period of 12 months from the date of sale whichever comes first. Danfoss will honor warranty for 12 months from install date for aftermarket customers only based on valid proof of purchase. Under this warranty, Danfoss' full and exclusive obligation shall be to replace any Product that during the warranty period is found to be defective in design, materials or workmanship. Danfoss shall not be obligated to refund the purchase price, nor shall it be obligated to pay for any labor or costs associated with the removal of the defective Products or the reinstallation of those Products. No warranty coverage will be provided for Products that have been altered, used for a purpose other than that for which they were designed or installed contrary to Danfoss' instructions. **DANFOSS MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO THE PRODUCTS, EXCEPT AS SET FORTH ABOVE. DANFOSS HEREBY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL DANFOSS BE LIABLE FOR ANY LOST PROFITS OR FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR OTHER SPECIAL DAMAGES ARISING OUT OF OR RELATED TO ITS PRODUCTS REGARDLESS OF WHETHER SUCH DAMAGES ARE SOUGHT BASED ON CAUSES OF ACTION SOUNDING IN TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY OR BREACH OF WARRANTY.**
11. **WARRANTY PROCEDURES** – To make a claim under the express warranty set forth in paragraph 11, Customer must (a) Notify the Danfoss Warranty Returns Department of the alleged defect; (b) Provide the part number, serial number, and description of the problem of the potentially defective Product; (c) Obtain a Return Material Authorization number from Danfoss, which shall be valid for 30 days; (d) Return the potentially defective Product, insurance and freight prepaid, with the outside of the package bearing the required return number to Danfoss, (e) Include a written detailed statement of the reason why the Product is being returned; and (f) Ship the Products free of extraneous equipment. If a replacement Product is required, a PO must be provided to Danfoss to purchase the replacement Product. Only a current Danfoss Customer may order the replacement Product. An invoice will be created and mailed to the purchasing Customer upon shipment of the replacement Product. Provided the returned Product complies with the limited warranty and not physically damaged, Danfoss will credit the invoice for the purchased replacement Product.
12. **NON-WARRANTY RETURNS** - Subject to prior approval by Danfoss, unused standard Products can be returned within four (4) months of the Danfoss invoice date provided the Products are returned in original packaging and both Products and packaging are free from defects.

Products accepted to be returned for credit are subject to a 30% restocking fee. No credit will be issued for returned Products where the net amount involved is less than \$100. Products built or ordered to custom specifications or Products that have been modified by the customer cannot be returned for credit under any circumstances. The Products must be returned to Danfoss with insurance and freight prepaid.

13. CHANGE ORDER REQUEST— An accepted order that is scheduled to ship within the quoted lead time can be delayed once up to a maximum of 30-days. Orders outside of the quoted lead time can be changed or cancelled, but must be confirmed by Danfoss in writing. Cancelled orders are subject to a charge equal to 30% of value for standard Products. Custom or customer specific Product orders cannot be cancelled.

14. PRICE ADJUSTMENTS – Prices for Products are exclusive of VAT and/or other taxes or duties. Danfoss reserves the right to adjust accepted prices for non-delivered Products in the event of alterations in rates of exchange, variations in costs of materials, sub-suppliers' price increases, changes in wages, state requisitions or similar conditions over which Danfoss has no or limited control.

15. GROUP SET-OFF – Danfoss and any other company in the Danfoss Group shall be entitled to set off own claims against the Customer, in the Customer's possible claims against any of said companies.

16. PRODUCT INFORMATION – Any information – irrespective of derivation from Danfoss or a Danfoss business contact – including but not limited to information on weight, dimensions, capacity or any other technical data in catalogue descriptions, advertisements, etc. shall be considered informative, and are only binding if and to the extent, explicit reference on this is made in offer and/or order confirmation. Specific demands from the Customer are only binding if and to the extent they have been confirmed by Danfoss in writing.

17. PROPRIETARY INFORMATION AND CONFIDENTIALITY – Any non-public information, including but not limited to, drawings, descriptions and any other technical documents which Danfoss has made or may make available to the Customer (“Technical Information”) shall remain the property of Danfoss and shall be treated as confidential by Customer and its representatives and must not, without the written consent of Danfoss, be copied, reproduced, or transferred to third parties or be used for other purposes than those intended when the Confidential Information was made available. Confidential Information shall be returned upon Danfoss' request.

18. PRODUCT LIABILITY – Danfoss shall not be liable for any damage to real property or chattels caused by the Product after it has been delivered and whilst it is in the possession of the Customer. Nor shall Danfoss be liable for any damage to products manufactured by the Customer or to products of which the Customer's products form a part.

If Danfoss incurs liability towards any third party for such damage as described in the preceding paragraph, the Customer shall indemnify, defend and hold Danfoss harmless.

Customer shall indemnify and hold Danfoss harmless for all claims arising from damage resulting from the use or operation of the Products because of the improper repair, maintenance or operation of the Products by Customer, the failure of Customer to adequately train personnel in the operation of the Products, Customer's failure to comply with applicable laws or regulations or otherwise.

If a claim for damage as described in this clause is lodged by a third party against either Danfoss or the Customer, the respondent party shall immediately inform the other party thereof in writing.

The Customer shall be obliged to let itself be summoned to the court or arbitral tribunal examining claims for damages lodged against one of them on the basis of damage allegedly caused by the Product.

19. SECONDARY DAMAGE – DANFOSS SHALL NOT BE HELD RESPONSIBLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGE OR LOSS, WHICH MIGHT ARISE OUT OF ANY BREACH OF WARRANTY, FAULTY PRODUCTS, DELAY IN THE DELIVERY OF THE PRODUCTS, PRODUCT LIABILITY, RECALL OR OTHERWISE, IRRESPECTIVE OF THE CAUSE, INCLUDING BUT NOT LIMITED TO, LOSS OF PRODUCTION, LOSS OF PROFIT AND LOSS OF GOODWILL.

20. MANDATORY LIABILITY – Nothing in these Terms (including but not limited to the exclusions and limitations in clause 18 to 19) shall operate so as to exclude or limit the liability of either party to the other for death or personal injury arising out of its negligence, fraudulent misrepresentation or for any other liability which cannot be excluded or limited by law.

21. NOTICE OF CLAIMS – Claims or complaints as to defects of the Products or other claims shall be submitted in writing by Customer to Danfoss without undue delay.

22. INTELLECTUAL PROPERTY RIGHTS – If the Product is delivered with embedded software, Customer obtains a non-exclusive, software license in form of a right of use to the software solely for the purposes set out in the applicable specification of the Product. Aside from this, Customer obtains no rights in form of license, patent, copyright, trademark or other proprietary right connected to the Products. Customer shall not obtain any rights to source codes to such software.

23. RESTRAINT ON RESALE AND USE FOR CERTAIN PURPOSES – Danfoss products are produced for civilian use. Customer is not allowed to use or to resell the Products for purposes which have any connection to chemical, biological or nuclear weapons or for missiles which are capable of delivering such weapons. Customer is not allowed to sell the Products to persons, companies or any other kind of organization if Customer has knowledge of or suspects that said persons or entities are related to any kind of terrorist or narcotics activities. The Products may be subject to legal regulations and restrictions and may therefore be subject to restrictions in case of sale to countries/customers covered by export and import ban. These restrictions shall be observed in case of resale of the Products to such countries/customers.

Customer is not allowed to resell the Products if there is doubt or suspicion that the Products can be used for the purposes mentioned in the preceding paragraph. If Customer receives knowledge of or suspects that the conditions in this clause have been violated, Customer shall immediately inform Danfoss.

24. GLOBAL COMPACT – Danfoss has joined the United Nations' Global Compact initiative which means that Danfoss has undertaken to live up to 10 principles on human rights, employees' rights, the environment and corruption. These principles are listed in “Danfoss Code of Conduct for Suppliers” to be seen on www.danfoss.com. Therefore Danfoss encourages the Customer to comply with these fundamental principles. For further information on Global Compact: <http://www.unglobalcompact.org>

25. PARTIAL INVALIDITY – If one or more of the terms and conditions in these Terms and Conditions or any part of a term is deemed invalid, unenforceable, illegal or inoperable, the validity, enforceability, legality or operability of all further terms and conditions shall not be affected or diminished thereby.

26. CHOICE OF LAW AND FORUM – Any dispute between the parties arising from or in connection with a purchase agreement governed by these Terms and Conditions shall be settled pursuant to the laws of Maryland with the exception of the conflict of law provisions. The parties agree that Maryland courts shall be the exclusive forum for any dispute arising under this order. The parties expressly waive any objections based on personal jurisdiction or venue and consent to service of process by certified mail, return receipt requested.