

NOVATORQUE, INC. – STANDARD TERMS AND CONDITIONS OF SALE

THESE STANDARD TERMS AND CONDITIONS APPLY TO ALL SALES, UNLESS SUCH SALE IS SUBJECT TO A SIGNED PURCHASE ORDER AGREEMENT OR OTHER SIGNED AGREEMENT BETWEEN NOVATORQUE, INC. AND THE CUSTOMER WHICH SPECIFICALLY SUPERSEDES THESE STANDARD TERMS AND CONDITIONS.

The terms herein may be updated by NovaTorque, Inc. ("Company") from time to time. Ordering Products from Company constitutes acceptance of the terms set forth herein, as such terms may be updated. Any different, conflicting or additional terms in any purchase order or other writing from Customer or in any order acknowledgment or other writing from Company shall be of no force or effect unless acknowledged and executed by an officer of Company.

1. PAYMENT TERMS: Unless specified otherwise, all payments will be due thirty (30) days from the date of Company's invoice. All payments will be made in U.S. dollars, free of any currency controls or other restrictions, by certified check or wire transfer, to the address or bank account designated by Company. Company reserves the right to change payment terms at any time (including, without limitation, requiring payment in advance or requiring an irrevocable letter of credit) if, in Company's reasonable opinion, the customer's financial condition or payment record so warrants. All amounts not paid when due will accrue interest at the lower of one percent (1.0%) per month or the highest rate permissible by applicable law.

2. SHIPMENT: Company will ship the Products FOB, Company's point of shipment. Shipments will be made to Customer's site, subject to Company's written approval prior to shipment. Unless specified in an accepted purchase order, Company will select the mode of delivery and the carrier. Customer will be responsible for and will pay all packing, shipping, freight and insurance charges. Title (except to the extent the Company Products contain or consist of Software) and all risk of loss of or damage to the Products will pass upon delivery by the carrier to the carrier or freight forwarder, whichever occurs first.

3. PARTIAL DELIVERY: Company may make partial shipments, to be separately invoiced and paid for when due. Any delay in the delivery of any installment will not relieve Customer of its obligation to accept the remaining deliveries.

4. DELIVERY SCHEDULE: Company will use its commercially reasonable efforts to meet the delivery dates specified in Company's written acceptance of purchase orders, but Company reserves the right to cancel or delay shipment of the Products if Customer fails to make any payment as agreed or otherwise fails to comply with these terms and conditions. Company will not be liable to Customer or to any other party for any delay in the delivery of the Company Products. In the event Company's inventory of the Products is inadequate to fulfill all purchase orders accepted by Company from Customer, Company will have the right to allocate its inventory of the Products among its customers in such a manner as Company, in its sole discretion, deems equitable, without liability to Customer or any other party.

5. CANCELLATIONS AND RETURNS: Customer may cancel delivery of the Products ordered pursuant to an accepted purchase order more than forty-five (45) days prior to the scheduled shipment date at no charge. A cancellation charge of fifty percent (50%) will apply for orders cancelled between fifteen (15) and forty-five (45) days prior to the scheduled shipment date. A cancellation charge of one hundred percent (100%) will apply for orders cancelled less than fifteen (15) days prior to the scheduled shipment date. No Products may be returned without Company's prior written authorization. All authorized returns must be shipped prepaid to the location designated on the Return Material Authorization. Credit will be issued on the original invoice price, or price in effect at the time of return, whichever is lower, less a minimum disposition charge of thirty five percent (35%) to cover restocking costs. All returned Product must be in resalable condition in order to qualify for credit.

6. LIMITED WARRANTY: The warranty provided by Company applies only to the NovaTorque motors (collectively, the "Product") that Customer purchases for Customer's own use. Company warrants the Product will be free from defects in materials and workmanship if the Product is used in accordance with operating specifications as published by Company. Company warrants from shipment date for a period defined in the NovaTorque Warranty Table. Company will pass through any global manufacturer's warranty that it receives for non- NovaTorque products shipped to customer by NovaTorque.

7. REPLACEMENT PRODUCT: (a) As Customer's sole and exclusive remedy and Company's entire liability for any breach of this limited warranty, Company will, at its expense, provide replacement components or a replacement Product, in Company's sole discretion. Replacement Product may consist of both new and used components or may have been previously installed and is warranted for the unexpired portion of Customer's original warranty period. Customer must return any Product in accordance with Company's then-current Return Material Authorization (RMA) procedure. All Products that are replaced become the property of Company. Company will not be responsible for Customer's or any third party's software, firmware, information, or data contained in or stored on any Products returned to Company, whether under warranty or not. This warranty will be void if Customer uses Products in such a manner that operation exceeds Company and/or manufacturer operating specifications or creates abnormal use or stress.

(b) This warranty is not applicable to any Product that is not installed and operated in accordance with: (a) the National Electric Code (NEC); (b) the standards for safety of Underwriters Laboratory (UL); (c) the standards for safety of the American National Standards Institute (ANSI); or (d) specific instructions provided for by Company or its partners relating to the installation and/or operation of Product(s) (for example, installation of 208-277 volt Product on 480 volt line).

8. WARRANTY DISCLAIMERS: THE LIMITED WARRANTIES SET FORTH IN

THIS LIMITED WARRANTY STATEMENT ARE IN LIEU OF AND COMPANY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES AND CONDITIONS, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT, AND ANY WARRANTIES AND CONDITIONS ARISING OUT OF COURSE OF DEALING OR USAGE OF TRADE. NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED FROM COMPANY OR ELSEWHERE WILL CREATE ANY WARRANTY OR CONDITION NOT EXPRESSLY STATED IN THIS LIMITED WARRANTY STATEMENT.

9. LIMITATION OF LIABILITY: COMPANY'S TOTAL LIABILITY TO CUSTOMER, FROM ALL CAUSES OF ACTION AND UNDER ALL THEORIES OF LIABILITY WILL BE LIMITED TO AND WILL NOT EXCEED THE ACTUAL AMOUNTS PAID TO COMPANY BY CUSTOMER FOR THE PRODUCTS GIVING RISE TO THE LIABILITY. IN NO EVENT WILL COMPANY BE LIABLE TO CUSTOMER FOR ANY SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING LOSS OF USE, DATA, BUSINESS OR PROFITS) OR FOR THE COST OF PROCURING SUBSTITUTE PRODUCTS OR SERVICES ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF ANY COMPANY PRODUCTS, WHETHER SUCH LIABILITY ARISES FROM ANY CLAIM BASED UPON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, AND WHETHER OR NOT COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. THE PARTIES AGREE THAT THESE LIMITATIONS WILL SURVIVE AND APPLY EVEN IF ANY LIMITED REMEDY SPECIFIED IN THIS LIMITED WARRANTY STATEMENT IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE. SOME JURISDICTIONS DO NOT ALLOW THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, IN WHICH CASE THE ABOVE LIMITATION MAY NOT APPLY TO CUSTOMER.

10. GRANT OF LICENSE: (a) Subject to Customer's compliance with the terms set forth herein, Company grants to Customer a non-exclusive, non-transferable, perpetual license to use the parameter settings and scripts provided (the "Firmware") only in conjunction with the Products, and only as embedded in the Product and associated drives. Use of the Firmware in conjunction with non-Company products is not licensed hereunder. Customer may not copy Firmware. Customer may not distribute the Firmware for use with or in connection with any third-party products. Customer's rights in the Firmware will be limited to those expressly granted in this section. Company reserves all rights and licenses in and to the Firmware not expressly granted to Customer under this Agreement. Use of the Firmware anywhere except in the United States may, in addition to the terms and conditions set forth herein, be subject to terms and conditions of a separate written agreement between Customer and the Company.

(b) Restrictions. Except as expressly specified herein, Customer may not: (a) use, copy, modify, or reproduce the Firmware; (b) transfer, sublicense, lease, lend, rent or otherwise distribute the Firmware to any third party; or (c) make the functionality of the Firmware available to multiple users through any means, including, without limitation, by uploading the Firmware to a network or flesharing service or through any hosting, application services provider, service bureau or any other type of services. Customer acknowledges and agrees that portions of the Firmware, including, without limitation, the source code and the specific design and structure of individual modules or programs, constitute or contain trade secrets of Company and/or its licensors. Accordingly, Customer agrees not to disassemble, decompile or otherwise reverse engineer the Firmware, in whole or in part, or permit or authorize a third party to do so, except to the extent such activities are expressly permitted by law notwithstanding this prohibition.

(c) Ownership. The Firmware is licensed, not sold. The Firmware is copyrighted, contains proprietary information and/or trade secrets belonging to the Company and its licensors and is protected by United States intellectual property laws and international treaties. Customer agrees not to remove any copyright, trademark, and other proprietary notices or markings from the Firmware or the accompanying materials without prior written approval from the Company. Customer does not have any rights to use the Company's trademarks or logos.

(d) Government Users. The Firmware and documentation are "commercial computer software" and "commercial computer software documentation", respectively, as such terms are used in FAR 12.212. Any use, duplication or disclosure of the Firmware or the documentation by or on behalf of the U.S. Government is subject to restrictions as set forth therein. Manufacturer is NovaTorque, Inc.

11. GENERAL: (a) These terms are governed by and construed in accordance with the laws of the State of California, without regard to or application of conflicts of law rules or principles. The United Nations Convention on Contracts for the International Sale of Goods does not apply. Customer may not assign or transfer any rights granted hereunder, by operation of law or otherwise, without the Company's prior written consent, and any attempt by Customer to do so, without such consent, will be void and of no effect. Except as expressly set forth herein, the exercise by either party of any of its remedies under this Agreement will be without prejudice to its other remedies under this Agreement or otherwise. The failure by either party to enforce any provision set forth herein shall not constitute a waiver of future enforcement of that or any other provision. Any waiver, modification or amendment of any provision set forth herein will be effective only if in writing and signed by authorized representatives of both parties. If any provision set forth herein is held to be unenforceable or invalid, that provision will be enforced to the maximum extent possible and the other provisions will remain in full force and effect.

(b) Any terms or conditions contained in Customer's purchase order or other ordering document that are inconsistent with or in addition to the terms and conditions of this Agreement are hereby rejected by Company and will be deemed null and of no effect.

NOVATORQUE, INC. – WARRANTY TABLE

Product Category	36 Months	84 Months
Air handling applications (600RPM - 2400RPM) <small>Model number sequence NTQPM- XX-YYZZ-A</small>		X
Other applications and models	X	

-All RPM values refer to nameplate ratings.

-No bearings warranted without factory installed shaft grounding.