



CONDITIONS OF SALE – HONEYWELL SMART ENERGY

Elster American Meter Company, LLC and Elster Canadian Meter Company, Inc.

RESIDENTIAL METER PERFORMANCE GUARANTEE

This guarantee applies to domestic gas meter models AC250-NXS (“Meters”) manufactured by Elster American Meter Company, LLC and distributed by Elster Canadian Meter Company Inc. (jointly “Elster”). Elster hereby guarantees these domestic gas meter models AC250-NXS as follows:

- No less than 85% of each shipment of Meters will maintain or be adjustable to plus or minus 2% of zero error at check test rate of flow or the applicable requirement proscribed by the utility commission having jurisdiction over where the Meter is deployed, whichever is greater; and
- This guarantee will remain in effect for each Meter for a period of 3 years from the date of its shipment by Elster or until the Meter is taken from service for any reason, whichever is earlier (“Gas Guarantee”).

Buyer, the entity issuing an Order, assumes responsibility for determining the Meters provided are suitable for their intended application and use. Elster’s warranty obligation is contingent upon, Buyer promptly notifying Elster upon discovery of a Meter’s performance not meeting the Gas Guarantee and returning the Meter via Elster’s Return Material Authorization process, and upon Elster’s confirmation of such failure. Elster, at its option, will either repair, replace, furnish a similar meter or remit all or a portion of the purchase price. Elster’s Gas Guarantee shall be void and Elster shall not be liable for any damage of any kind, arising from, the use of Elster’s Meters with erosive, corrosive, or potentially freezing liquids or gases. This Gas Guarantee shall not apply to Meters operated in excess of the Meter’s rated badge capacity, or installed in curb vaults, pits, or other types of non-conventional installations, or if the Meters were repaired or altered, by any party other than Elster or its affiliates. **IN RELATION TO THIS GAS GUARANTEE, ELSTER EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES, INCLUDING BUT NOT LIMITED TO, IMPLIED WARRANTIES FOR MERCHANTABILITY, NON-INFRINGEMENT, AND FITNESS FOR A PARTICULAR PURPOSE, AND ANY OTHER WARRANTIES NOT EXPRESSLY STATED IN THIS GAS GUARANTEE.**

This Gas Guarantee shall be null and void after any device other than one manufactured by Elster is installed on or in connection with the Meter. However, if a radio transmitter module or similar device is connected to the Meter as part of an Automated Meter Reading (AMR)/Automated Metering Infrastructure (AMI) solution, such connection shall not void this Gas Guarantee, unless such device (or similar devices) or the connection therewith causes or relates to any failure, non-conformity, or defect in the Meter’s performance whether or not the device is installed by Elster.

Elster shall not be liable for any non-conformity, damage, failure, or defect to any Meter caused by alteration, poor maintenance, vandalism, theft, mishandling, repair by unauthorized personnel, misuse, painting of the Meter, installation errors or installation not in accordance with applicable installation instructions, acts of God, the negligent acts or omissions or malfeasance of Buyer, or any third party, or other conditions beyond the control of Elster. Elster shall not be liable for any costs of removal, installation, or re-installation hereunder. Non-U.V. protective index boxes are not covered under this Gas Guarantee. Neither Buyer nor Elster shall be liable to the other for any special, indirect, or consequential damage resulting in any manner from Elster’s Products. In no event shall Elster’s liability to Buyer, regardless of the reason, exceed the purchase price of the Meter giving rise to the liability hereunder. The remedies set forth herein shall be Buyer’s sole and exclusive remedies.

PRODUCTS WARRANTY

Elster warrants that at the time of delivery its Products are free from defects in materials and workmanship for a period of 12 months from date of shipment. Elster’s warranty obligation is contingent upon, Buyer promptly notifying Elster upon discovery of a defect and returning the allegedly defective Product via Elster’s Return Material Authorization process and upon Elster’s confirmation of such defect, or at Elster’s option, provide objective proof of failure or defect instead of returning the Product under the Return Materials Authorization process. Elster, at its option, will either repair, replace, furnish a similar product or remit all or a portion of the purchase price. Elster’s Product warranty shall be void and Elster shall not be liable for any damage of any kind, arising from the use of Elster’s Products with erosive, corrosive or potentially freezing liquids or gases. **IN RELATION TO THIS PRODUCT WARRANTY, ELSTER EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES, INCLUDING BUT NOT LIMITED TO, IMPLIED WARRANTIES FOR MERCHANTABILITY, NON-INFRINGEMENT, AND FITNESS FOR A PARTICULAR PURPOSE, AND ANY OTHER WARRANTIES NOT EXPRESSLY STATED IN THIS PRODUCT WARRANTY.** “Products” shall mean Elster meters, equipment, and parts.

Elster shall not be liable for any non-conformity, damage, failure, or defect of or to any Product caused by alteration, poor maintenance, vandalism, theft, mishandling, repair by unauthorized personnel, misuse, painting of a Product, installation errors, or installation not in accordance with applicable installation instructions, acts of God, the negligent acts or omissions or malfeasance of Buyer, or any third party, or other conditions beyond the control of Elster. Elster shall not be liable for any costs of removal, installation, or re-installation hereunder. Non-U.V. protective index boxes are not covered under this product warranty. Neither Buyer nor Elster shall be liable to the other for any special, indirect, or consequential damage resulting in any manner from Elster’s Products. In no event shall Elster’s liability to Buyer, regardless of the reason, exceed the purchase price of the Product giving rise to the liability hereunder. The remedies set forth herein shall be Buyer’s sole and exclusive remedies.

Products repaired or replaced are warranted for the remainder of the original warranty period or ninety (90) days whichever is longer.