

**Honeywell Process Solutions – Smart Energy – Elster Solutions, LLC**  
**Sales Terms and Conditions Addendum 1: Supplemental Terms**  
**(United States of America – English)**

Capitalized terms used in this Addendum and not otherwise defined shall have the meaning ascribed to such terms in the applicable agreements, between the Parties.

**1. SUPPLEMENTAL TERMS RELATED TO WARRANTIES**

**1.1 Goods Warranty**

Honeywell warrants that goods shall be delivered free of defects in material and workmanship. The warranty remedy period for goods shall end:

- (a) For meters and modules: twenty-four (24) months after date of shipment.
- (b) For handheld meter reading units: sixty (60) months after date of shipment.
- (c) For belt clips and optical probes: twenty-four (24) months after date of shipment.
- (d) For all other “goods” including gatekeepers, routers, repeaters, AGI nodes, mobile interrogators, VIDs: twenty-four (24) months after i after date of shipment.

All products repaired or replaced, if any, are warranted only for the remaining and unexpired portion of the original warranty period.

**1.2 Goods Remedy**

If a nonconformity to the foregoing warranty is discovered in the goods during the applicable warranty remedy period under normal and proper use, and provided the goods have been properly stored, installed, operated and maintained (Buyer to provide proper records), and written notice of such nonconformity is provided to Honeywell promptly after such discovery and within the applicable warranty remedy period, Honeywell shall, at its option, either (i) repair or replace the nonconforming portion of the goods, or (ii) refund the portion of the price applicable to the nonconforming portion of goods.

**1.3 Services Warranty**

Honeywell warrants that services shall be performed in a good and workmanlike manner. The warranty remedy period for services shall end ninety (90) days after the date of completion of services.

**1.4 Services Remedy**

If a nonconformity to the foregoing warranty is discovered in the services during the applicable warranty remedy period, and written notice of such nonconformity is provided to Honeywell promptly after such discovery and within the applicable warranty remedy period, Honeywell shall, at its option, either (i) re-perform the nonconforming services or (ii) refund the portion of the price applicable to the nonconforming portion of the services.

**1.5 Water and Gas Module Battery Warranty (to the extent applicable to this purchase)**

Honeywell warrants that the water and gas module batteries shall be delivered free of defects in material and workmanship. The Module Battery warranty period shall be twenty (20) years after date of shipment.

**1.6 Water and Gas Module Battery Remedy (to the extent applicable to this purchase)**

If a warranted battery nonconformity is discovered in the Modules during the first 10 years from the original date of shipment, under normal and proper use, and provided the Modules have been properly stored, installed, operated and maintained (Buyer to provide proper records), and the nonconformity is validated by Honeywell during the applicable warranty remedy period, Honeywell shall, at its sole option, either (i) repair or replace the nonconforming portion of the Module, or (ii) refund the portion of the price applicable to the nonconforming portion, less a prorated benefit the Modules have provided. All products repaired or replaced, if any, are warranted only for the remaining and unexpired portion of the original warranty period.

If a warranted battery nonconformity is discovered in the Modules in years 11 through 20 from the original date of shipment, under normal and proper use, and provided the Modules have been properly stored, installed,

operated and maintained (Buyer to provide proper records), and the battery nonconformity is validated by Honeywell during the applicable warranty remedy period, Honeywell’s sole obligation will be to provide Buyer with a discount on substantially equivalent replacement product at a prorated percentage, applied towards the published list prices in effect in the year the product is determined to be nonconforming, as determined by Honeywell through RMA, in accordance with the following schedule:

Years	Discount off of List Price
1–10	Does Not Apply
11	50%
12	45%
13	40%
14	35%
15	30%
16	25%
17	20%
18	15%
19	10%
20	5%

**1.7 Additional Warranties**

Notwithstanding the foregoing, certain warranties may be provided under the System License Agreement, the System Maintenance Agreement and the Handheld Unit Maintenance Agreement, but any such warranties are subject to the terms thereof and do not apply to the goods and services warranted in this Section.

**1.8 Warranty Returns**

For warranty returns of Honeywell manufactured products, Buyer will pay freight to Honeywell point of manufacture. Honeywell will provide all freight charges for return of repaired or replaced items from its factory. After expiration of the warranty period, Buyer is responsible for payment of any support or maintenance agreements for computer hardware and/or third party software used in the system.

**1.9 Exceptions**

In no event, shall Honeywell be responsible for gaining access to the goods, disassembly, reassembly or transportation of the goods or parts from or to the place of installation, all of which shall be at Buyer’s risk and expense. Honeywell shall have no obligation hereunder with respect to any goods which (i) have been improperly repaired or altered; (ii) have been subjected to misuse, negligence or accident; (iii) have been damaged due to forces of nature; (iv) have been used in a manner contrary to Honeywell’s instructions; or (v) are comprised of materials provided by or a design specified by Buyer.

Honeywell makes no system performance guarantees and offers no warranties as to the operation, function or performance of unapproved WAN solutions. Honeywell assumes no responsibility and offers no warranty for system components impacted by the use of unapproved WAN solutions. Use of unapproved WAN solutions nullifies all stated system performance guarantees

The foregoing warranties are exclusive and in lieu of all other warranties of quality and performance, whether written, oral or implied, and all other warranties including any implied warranties of merchantability or fitness for a particular purpose, non-infringement or usage of trade are hereby disclaimed. The remedies stated herein constitute Buyer’s exclusive remedies and Honeywell’s entire liability for any breach of warranty. Notwithstanding the foregoing, goods and equipment manufactured by others and supplied by Honeywell, are warranted only to the extent of the manufacturer’s warranty, and only the remedies, if any, provided by the

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manufacturer (“third party warranties”). For avoidance of doubt, third party warranties apply to third party AMR/AMI communication modules incorporated into Honeywell goods.

**2. SUPPLEMENTAL TERMS RELATED TO FORECAST AND ORDER PROCESS**

- 2.1 Products shall be delivered in accordance with the then-current posted lead times. Honeywell reserves the right to charge expedite fees for early delivery requests. Certain order details are required for Honeywell to meet posted lead times, including but limited to, bill to/ship to, quantity, price, part number/product description, meter/device program, nameplate details, etc. Occasionally Honeywell may experience changes in capacity that could affect product delivery. In the event of additional capacity, Honeywell may contact the Buyer to inquire if the Buyer would prefer early delivery. In the event of capacity constraints, Honeywell may contact the Buyer to offer alternative delivery options, such as partial delivery.
- 2.2 The Buyer shall provide Honeywell a binding twelve-month forecast for Honeywell Products for every 12 months of the Agreement (each a “Binding Forecast”). The Buyer will provide the first twelve-month forecast within ten (10) business days of the Effective Date.
- 2.3 In relation to any Forecast:
- 2.4 The Buyer shall issue a Binding Blanket Purchase Order in strict accordance with the applicable 12-month Binding Forecast and the then-current lead times.
- 2.5 The Buyer and Honeywell agree that a Purchase Order may be issued by the Buyer, and accepted by Honeywell, via facsimile, email, or other electronic means. The Buyer and Honeywell further agree not to contest the validity or enforceability of Orders on the basis of their not being actually signed or not being originals.
- 2.6 A Purchase will become a binding on Honeywell upon written notice of acceptance by Honeywell or, if applicable, upon Honeywell’s signing and returning the Order acknowledgment copy with notice of acceptance.
- 2.7 If Honeywell fails to acknowledge and accept an Order placed by the Buyer in strict accordance with a Binding Forecast within ten (10) business days of receipt of the relevant Order, for reasons other than (a) Force Majeure Event, (b) manifest error in the Order, or (c) non-conformity with the then-

current lead time, the Order shall be deemed to be accepted without reservation by Honeywell.

- 2.8 In the event an Order is not in accordance with the then-current applicable lead times and/or Binding Forecast, Honeywell shall either accept or reject the Order within ten (10) business days of receipt of the relevant Order stating reasons if the Order is rejected.
- 2.9 If the Buyer fails to purchase the volume of Honeywell Products provided in the Binding Forecast for reasons other than (a) Force Majeure Event, (b) a failure of Honeywell to deliver product in accordance with the Specification, or (c) non purchases of Honeywell Products due solely to the fault of Honeywell, then the Buyer shall pay for the Honeywell Products equal to the difference between the Binding Forecast and the quantity of Honeywell Products actually purchased by the Buyer in the applicable three-month period.

**3. SUPPLEMENTAL TERMS RELATED TO HAZARDOUS OR UNSAFE SITE CONDITIONS (if applicable):**

- 3.1 Buyer recognizes that Honeywell employees have the right to a safe and healthy work environment and agrees that Honeywell may suspend services at Buyer’s expense if Honeywell determines that unsafe conditions at the site may compromise Honeywell employee safety. Services will be resumed once the unsafe conditions have been corrected by Buyer. Honeywell will not be liable for failure to meet contractual obligations in the event it suspends performance due to hazardous or unsafe conditions.
- 3.2 Buyer represents that Buyer has not retained Honeywell to discover, inspect, investigate, identify, prevent or remediate hazardous substances or mold or conditions caused by hazardous substances or mold.
- 3.3 **TO THE FULLEST EXTENT ALLOWED BY LAW, BUYER SHALL INDEMNIFY AND HOLD HONEYWELL HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS AND COSTS OF WHATEVER NATURE, INCLUDING BUT NOT LIMITED TO, CONSULTANTS’ AND ATTORNEYS’ FEES, DAMAGES FOR BODILY INJURY AND PROPERTY DAMAGE, FINES, PENALTIES, CLEANUP COSTS AND COSTS ASSOCIATED WITH DELAY OR WORK STOPPAGE, THAT IN ANY WAY RESULTS FROM OR ARISES UNDER THE EXISTENCE OF HAZARDOUS CONDITIONS, MOLD OR A HAZARDOUS SUBSTANCE AT A SITE, WHETHER OR NOT BUYER PROVIDES HONEYWELL ADVANCE NOTICE OF THE EXISTENCE OR OCCURRENCE AND REGARDLESS OF WHEN THE HAZARDOUS CONDITION, SUBSTANCE OR OCCURRENCE IS DISCOVERED OR OCCURS. THIS INDEMNIFICATION SHALL SURVIVE TERMINATION OF THIS AGREEMENT FOR ANY REASON.**