

SENSUS USA INC. - TERMS OF SALE

Metering and Network Equipment, Network and Monitoring Services and Related Software

1. **"Buyer"** shall mean the party purchasing goods pursuant to these Terms of Sale.
2. **CONTRACT OF SALE.** All Sensus goods and services are offered for sale subject to the prices and other terms specified in the applicable Sensus quotation, proposal or pricelist and these Terms of Sale ("Agreement"), and are subject to the correction of clerical errors. A Buyer's purchase order or similar writing shall constitute an acceptance of the offer to sell; however, any inconsistent, additional or different terms contained in a Buyer's request for quotation or purchase order are hereby objected to and rejected by Sensus, and will not become part of the contract of sale unless conspicuously stated, and specifically negotiated with and accepted in a writing signed by a vice president of Sensus.
3. **ENTIRE AGREEMENT.** The quotation, proposal or Buyer's purchase order, this Agreement, and any additional terms so accepted by Sensus in writing, constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements, understanding or other communications, whether written or oral, formal or informal, between them. No consent, waiver, alteration, amendment, or modification shall be binding unless in writing and signed by both parties.
4. **PRICES.** All prices quoted are subject to change based on Sensus' selling prices in effect as of date of shipment, and are exclusive of Federal, state and municipal taxes. All taxes applicable to the transaction and required by law to be collected from Buyer by Sensus will be added to the invoice as a separate charge. Title and risk of loss to the goods shift to Buyer upon shipment. All goods are shipped F.O.B. shipping point. Prices quoted for blanket orders are subject to review and retroactive adjustment if necessary, based on actual quantities shipped.
5. **CREDIT AND PAYMENT TERMS.** Credit, payment and transportation terms shall be as stated on Sensus' invoice. If no terms are stated on Sensus' invoice, then Buyer shall pay Sensus within thirty (30) days of the date of the invoice. Buyer agrees to make prompt payment in accordance with payment terms. Sensus reserves the right to modify credit or payment terms at any time without prior notice to Buyer, and to require payment guarantees, security or payment in advance in Sensus' sole discretion.
6. **PACKAGING.** Sensus reserves the right to select the manner in which goods and equipment are packaged. Quoted prices include regular packing. Special requirements for packing will be subject to extra charges.
7. **DELIVERY.** Shipping dates and completion dates quoted by Sensus are made in good faith but are not guaranteed, and Sensus reserves the right to extend shipping dates as it deems necessary in its sole discretion, without liability to Buyer. In the absence of shipping instructions from Buyer, Sensus will use its discretion as to the selection of shipping services and routings.
8. **FORCE MAJEURE.** If Sensus becomes unable, either wholly or in part, by an event of Force Majeure, to fulfill its obligations under this Agreement, the obligations affected by the event of Force Majeure will be suspended during the continuance of that inability. The term "Force Majeure" as used in this Agreement means acts of God, hurricane, flood, volcano, tsunami, tornado, storm, tempest, vandalism, illegal radio frequency interference, strikes, lockouts, or other industrial disturbances, unavailability of component parts of any goods provided hereunder, acts of public enemies, wars, blockades, insurrections, riots, epidemics,

earthquakes, fires, restraints or prohibitions by any court, board, department, commission or agency of the United States or any States, any arrests and restraints, civil disturbances and explosions. Any delays so occasioned shall affect a corresponding extension of Sensus' performance dates which are, in any event, understood to be approximate.

9. CANCELLATION. Orders acknowledged by Sensus may not be canceled or amended, or deliveries deferred, by Buyer except with Sensus' prior written consent, and then only upon such terms as shall be acceptable to Sensus.

10. WARRANTIES. The following Warranties shall apply:

- (a) Metering Equipment and Parts.** Sensus warrants its water metering equipment as set forth in Appendix A. Sensus warrants its other goods and products, including without limitation, its gas meters, electric meters, network equipment and parts, (collectively, "Sensus Products") to be in compliance with their respective specifications under normal use and service, and to be free from defects in materials and workmanship for a warranty period of twelve (12) months from the date of the installation or eighteen (18) months from the date of shipment, whichever occurs first. These warranties do not apply to Sensus Products modified or repaired with component parts or assemblies, including, without limitation, communication system component parts and assemblies, not certified by Sensus, or damaged, altered, improperly installed or otherwise subjected to misuse or improper storage, as determined by Sensus. The warranty period for new spare parts and components sold by Sensus is twelve (12) months from the date of shipment. The warranty period for repaired or refurbished parts repaired by Sensus is ninety (90) days from the date of shipment, unless repaired pursuant to a warranty, in which case the repair is warranted for the time remaining of the original warranty period.
- (b) Network and Monitoring Services.** Sensus warrants that network and monitoring services ("Services") shall, at the time of acceptance, conform to the contract requirements, and shall be performed in a professional and workmanlike manner, free from defects in workmanship.
- (c) Software.** Sensus' warranty for Software licensed to Buyer by Sensus shall be as set forth in the applicable software license.
- (d) ALL WARRANTIES SET FORTH IN THIS SECTION ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE. BUYER ASSUMES SOLE RESPONSIBILITY FOR DETERMINING THAT THE SENSUS PRODUCTS, WATER METERING EQUIPMENT, SERVICES AND SOFTWARE LICENSES PURCHASED ARE SUITABLE FOR THEIR INTENDED APPLICATION AND USE.**

11. BUYER'S REMEDIES. The following Remedies shall apply:

- (a)** If any Sensus Product or water metering equipment (collectively, "Equipment") fails within the applicable warranty period, Sensus shall, at its option, either repair or replace the item of Equipment, or refund the purchase price thereof, provided, the Equipment item is returned to Sensus' designated receiving facility or agent, with transportation charges prepaid, and the Equipment item, upon examination, is found by Sensus not to conform to the warranty. No remedy shall apply to any items of Equipment modified or repaired with component parts or assemblies, including, without limitation, communication system component parts and assemblies, not certified by Sensus. SENSUS IS NOT LIABLE FOR ANY REVENUE LOST BY ANY UTILITY, MUNICIPALTY OR OTHER USER OF ELECTRICITY, GAS, OR WATER,

AS APPLICABLE.

- (b) Buyer's remedy under the warranty for Services shall be, at Sensus' sole cost and expense, to correct or re-perform any defective or non-conforming Services to assure compliance with the contract requirements.
- (c) Buyer's remedy for software licensed to Buyer shall be as set forth in the applicable software license.
- (d) SENSUS ASSUMES NO LIABILITY FOR COSTS OR EXPENSES ASSOCIATED WITH LOST REVENUE OR WITH THE REMOVAL OR INSTALLATION OF EQUIPMENT. THE FOREGOING REMEDIES ARE BUYER'S SOLE AND EXCLUSIVE REMEDIES FOR THE FAILURE OF EQUIPMENT, SERVICES OR LICENSED SOFTWARE TO CONFORM TO THEIR RESPECTIVE WARRANTIES.

12. INTELLECTUAL PROPERTY INDEMNITY. Sensus shall indemnify and hold harmless Buyer from and against any litigation instituted against Buyer by a third party which finds that the Equipment provided hereunder infringes upon the Intellectual Property of such third party. "Intellectual Property" shall mean patents, copyrights, and trademarks. Sensus shall have the right to select counsel in such proceedings and control such proceedings and shall be responsible for the legal costs thereof as well as any judgment rendered therein or settlement reached therein. Notwithstanding the foregoing, Sensus shall have no liability under this indemnity unless Buyer cooperates with and assists Sensus in any such proceedings and gives Sensus written notice of any claim hereunder within fourteen (14) days of receiving it. Further, Sensus shall have no liability hereunder if such claim is based upon any change, modification or alteration made to the Equipment by Buyer or any use of the Equipment other than as approved by Sensus. NOTWITHSTANDING THE FOREGOING, SENSUS ASSUMES NO LIABILITY FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST REVENUES OR PROFITS, ARISING OUT OF ANY CLAIM OF INTELLECTUAL PROPERTY INFRINGEMENT. EQUIPMENT MANUFACTURED TO BUYER'S DESIGNS OR SPECIFICATIONS ARE SOLD WITH NO WARRANTY AGAINST INTELLECTUAL PROPERTY INFRINGEMENT. THE FOREGOING STATES BUYER'S SOLE AND EXCLUSIVE REMEDY WITH RESPECT TO INTELLECTUAL PROPERTY INFRINGEMENT CLAIMS.

13. LIMITATION OF LIABILITY.

- (a) Sensus' aggregate liability in any and all causes of action arising under, out of or in relation to this agreement, its negotiation, performance, breach or termination (collectively "Causes of Action") shall not exceed the total amount paid to Sensus under this Agreement. This is so whether the Causes of Action are in tort, including, without limitation, negligence or strict liability, in contract, under statute or otherwise.
- (b) As separate and independent limitations on liability, Sensus' liability shall be limited to direct damages. Sensus shall not be liable for; (i) any indirect, incidental, special or consequential damages; nor (ii) any revenue lost by Buyer or by any utility from any end user that pays for the consumption of electricity, gas, or water, as applicable, irrespective whether such lost revenue is categorized as direct damages or otherwise.
- (c) The limitations on liability set forth in this Agreement are fundamental inducements to Sensus entering into this Agreement. They apply unconditionally and in all respects. They are to be interpreted broadly so as to give Sensus the maximum protection permitted under law.

14. CONFIDENTIALITY. Buyer shall (and shall cause their employees and contractors to) keep all Confidential Information strictly confidential and shall not disclose it to any third party, except to the extent reasonably required to perform and enforce this Agreement or as required under applicable law, court order or regulation. As used herein, "Confidential Information" means all non-public information of either party, including the terms of this Agreement, pricing information, Equipment performance, Equipment architecture and design, software and all trade secrets of either party.

15. RETURNS. No Equipment may be returned for credit or repair without the prior authorization of Sensus. Authorized return shipments must be returned in good condition to Sensus' designated receiving point, must be accompanied by a packing slip including Sensus' Return Authorization Number, and must have transportation charges prepaid. Correspondence concerning all returned goods should be addressed to the appropriate Sensus office. Sensus reserves the right to deduct an adequate service charge to cover all inspection, testing and handling from any credit.

16. REPAIRS. All repairs are made on an f.o.b. factory basis. All transportation charges for goods returned for repairs must be prepaid by the Buyer.

17. ASSIGNMENT. Buyer may not assign, transfer or delegate this Agreement or any part of Buyer's rights or duties hereunder without the prior written consent of Sensus. Any attempt by Buyer to assign or delegate any portion of this Agreement in violation of this Section shall be null and void. Sensus may assign this agreement, without the consent of Buyer, in the sole discretion of Sensus.

18. GOVERNING LAW. The Terms of Sale shall be governed, interpreted and enforced exclusively in accordance with the laws of the Commonwealth of Pennsylvania, except for its conflicts of laws rules.

19. DISPUTE RESOLUTION.

(a) Any and all Causes of Action (as defined in Section 13(a)) which cannot be resolved by negotiation between the parties shall be finally resolved by a court of law, sitting without a jury, in the courts of Pittsburgh, Pennsylvania, and each of the parties irrevocably submits to the exclusive jurisdiction of such courts in any such proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of the proceeding shall be heard and determined only in any such courts, and agrees not to bring any Causes of Action (as defined in Section 13(a)) in any other court. The parties agree that either or both of them may file a copy of this paragraph with any court as written evidence of the knowing, voluntary and bargained agreement between the parties irrevocably to waive any objection to venue or to convenience of forum.

(b) EACH PARTY TO THIS AGREEMENT HEREBY KNOWINGLY AND VOLUNTARILY WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY CAUSES OF ACTION (AS DEFINED IN SECTION 13(A)), WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT EITHER OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT BETWEEN THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY AND THAT ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

- 20. THIRD PARTY MANUFACTURERS.** In cases where Buyer requests or requires Sensus to deliver Equipment to a third party manufacturer (or any other third party), payment for such Equipment is due 30 days from delivery to such manufacturer or other third party, irrespective of how long it takes such third party to deliver the Equipment to Buyer.
- 21. SURVIVAL.** The provisions of this Agreement that are applicable to circumstances arising after its termination or expiration shall survive such termination or expiration.
- 22. SEVERABILITY.** In the event any provision of this Agreement is held to be void, unlawful or otherwise unenforceable, that provision will be severed from the remainder of the Agreement and replaced automatically by a provision containing terms as nearly like the void, unlawful, or unenforceable provision as possible; and the Agreement, as so modified, will continue to be in full force and effect.
- 23. SECTION HEADERS.** Section headings are used in this Agreement for reference purposes only and shall not affect the interpretation or meaning of this Agreement.

Sensus Limited Warranty

I. General Product Coverage

Sensus USA Inc. ("Sensus") warrants its products and parts to be free from defects in material and workmanship for one (1) year from the date of Sensus shipment and as set forth below. All products are sold to customer ("Customer") pursuant to Sensus' Terms of Sale, available at: <http://na.sensus.com/TC/TermsConditions.pdf>.

II. SR II® and accuSTREAM™ (SRA) 5/8", 3/4" & 1" Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for five (5) years from the date of Sensus shipment or until the registration shown below, whichever occurs first. Sensus further warrants that the SR II and SRA meter will perform to at least AWWA Repaired Meter Accuracy Standards for fifteen (15) years from the date of Sensus shipment or until the registration shown below, whichever occurs first:

	New Meter Accuracy	Repair Meter Accuracy
5/8" SR II and SRA Meter	500,000 gallons	1,500,000 gallons
3/4" SR II and SRA Meter	750,000 gallons	2,250,000 gallons
1" SR II and SRA Meter	1,000,000 gallons	3,000,000 gallons

III. SR® 5/8", 3/4" & 1" Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for one (1) year from the date of Sensus shipment. Sensus further warrants that the 5/8", 3/4" and 1" SR meter will perform to at least AWWA Repaired Meter Accuracy Standards for fifteen (15) years from the date of Sensus shipment or until the registration shown below, whichever occurs first:

	Repair Meter Accuracy
5/8" SR Meter	1,500,000 gallons
3/4" SR Meter	2,250,000 gallons
1" SR Meter	3,000,000 gallons

IV. SR 1-1/2" & 2" and OMNI Opto Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for one (1) year from the date of Sensus shipment. Sensus further warrants that the 1-1/2" and 2" SR and OMNI Opto meter will perform to at least AWWA Repaired Meter Accuracy Standards for ten (10) years from the date of Sensus shipment or until the registration shown below, whichever occurs first:

	Repair Meter Accuracy
1-1/2" SR & OMNI Opto Meter	5,000,000 gallons
2" SR & OMNI Opto Meter	8,000,000 gallons

V. PMM® 5/8", 3/4", 1" Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for one (1) year from the date of Sensus shipment. Sensus further warrants that the 5/8", 3/4", and 1" PMM meter will perform to at least AWWA Repaired Meter Accuracy Standards for fifteen (15) years from the date of Sensus shipment or until the registration shown below, whichever occurs first:

	Repair Meter Accuracy
5/8" PMM	1,500,000 gallons
3/4" PMM	2,000,000 gallons
1" PMM	3,000,000 gallons

VI. PMM 1-1/2", 2" Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for one (1) year from the date of Sensus shipment. Sensus further warrants that the 1-1/2" and 2" PMM meter will perform to at least AWWA Repaired Meter Accuracy Standards for ten (10) years from the date of Sensus shipment or until the registration shown below, whichever occurs first:

	Repair Meter Accuracy
1-1/2" PMM	5,000,000 gallons
2" PMM	8,000,000 gallons

VII. Maincase...

of the SR, SR II, SRA and PMM in both standard and low lead alloy meters are warranted to be free from defects in material and workmanship for twenty-five (25) years from the date of Sensus shipment. Composite and E-coated maincases will be free from defects in material and workmanship for fifteen (15) years from the date of Sensus shipment.

VIII. Sensus "W" Series Turbo Meters, OMNI™ Meters and Propeller Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for one (1) year from the date of Sensus shipment.

IX. Sensus accuMAG™ Meters...

are warranted to be free from defects in material and workmanship, under normal use and service, for 18 months from the date of Sensus shipment or 12 months from startup, whichever occurs first.

X. Sensus Registers...

are warranted to be free from defects in material and workmanship from the date of Sensus shipment for the periods stated below or until the applicable registration for AWWA Repaired Meter Accuracy Standards, as set forth above, are surpassed, whichever occurs first:

5/8" thru 2" SR, SR II, PMM, Standard Registers	25 years
5/8" thru 2" SR, SR II, PMM, Encoder Registers	10 years
Electronic Communication Index (ECI)	10 years
All HSPU, IMP Contactor, R.E.R. Elec. ROFI	1 year
Standard and Encoder Registers for: "W" Turbo and Propeller Meters	1 year
OMNI Register with Battery	10 years

XI. Sensus Electric Meters...

are warranted to be free from defects in material and workmanship for one (1) year from the date of Sensus shipment. Spare parts and components are warranted to be free from defects in material and workmanship for one (1) year from the date of Sensus shipment.

Repaired or refurbished equipment repaired by Sensus is warranted to be free from defects in material and workmanship for ninety (90) days from the date of Sensus shipment or for the time remaining on the original warranty period, whichever is longer.

XII. AMR and FlexNet™ AMI Interface Devices...

are warranted to be free from defects in material and workmanship from the date of Sensus shipment for the period stated below:

Electronic TouchPad	10 years
RadioRead® MXU (Model 505C, 510R or 520R) and Batteries	20 years*
Act-Pak™ Instrumentation	1 year
TouchRead® Coupler and AMR Equipment	1 year
FlexNet Water or Gas SmartPoint™ Modules and Batteries	20 years*
Tower Gateway Base Station	1 year
FlexNet Network Portal	1 year
iConA and FlexNet Electricity SmartPoints Module	1 year

* Sensus will repair or replace a non-performing RadioRead MXU (Model 505C, 510R or 520R) and batteries and/or FlexNet Water or Gas SmartPoint modules (configured to the factory setting of six transmissions per day) and batteries at no cost for the first 10 years and at a prorated percentage, applied towards the published list prices in effect for the year the product is accepted by Sensus under warranty conditions according to the following schedule:

Years	Replacement Price	Years	Replacement Price
1 – 10	0%	16	55%
11	30%	17	60%
12	35%	18	65%
13	40%	19	70%
14	45%	20	75%
15	50%	21<	100%

Note: Software supplied and licensed by Sensus is warranted according to the terms of the applicable software license agreement. Sensus warrants that network and monitoring services shall be performed in a professional and workmanlike manner.

XIII. Return...

Sensus' obligation, and Customer's exclusive remedy, under this Sensus Limited Warranty is, at Sensus' option, to either repair or replace the product, provided the Customer (i) returns the product to the location designated by Sensus within the warranty period; and (ii) prepays the freight costs both to and from such location.

The return of products for warranty claims must follow Sensus' Returned Materials Authorization (RMA) procedures. Water meter returns must include documentation of the Customer's test results. Test results must be obtained according to AWWA standards and must specify the meter serial number. The test results will not be valid if the meter is found to contain foreign materials. If Customer chooses not to test a Sensus water meter prior to returning it to Sensus, Sensus will repair or replace the meter, at Sensus' option, after the meter has been tested by Sensus. The Customer will be charged Sensus' then current testing fee. Sensus SmartPoints modules and MXU's returned must be affixed with a completed return evaluation label. For all returns, Sensus reserves the right to request meter reading records by serial number to validate warranty claims.

THE FOREGOING REMEDIES ARE THE CUSTOMER'S SOLE AND EXCLUSIVE REMEDIES FOR THE FAILURE OF THE PRODUCTS, SERVICES OR LICENSED SOFTWARE TO CONFORM TO THEIR RESPECTIVE WARRANTIES.

XIV. Limits of Warranty...

This Limited Warranty does not include costs for removal or installation of products, or costs for replacement labor or materials, which are the responsibility of the Customer. Furthermore, this Limited Warranty does not apply to products which have been: installed improperly or in non-recommended installations; tampered with; modified or repaired with parts or assemblies not certified in writing by Sensus, including without limitation, communication parts and assemblies; converted; altered; damaged; read by equipment not approved by Sensus; subjected to misuse, improper storage, care, maintenance, or improper periodic testing.

SENSUS' LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES. SENSUS SHALL NOT BE LIABLE FOR (I) ANY SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, NOR (II) ANY REVENUE LOST BY CUSTOMER, IRRESPECTIVE WHETHER SUCH LOST REVENUE IS CATEGORIZED AS DIRECT DAMAGES OR OTHERWISE, NOR (III) DAMAGES ARISING FROM MAINCASE OR BOTTOM PLATE BREAKAGE CAUSED BY FREEZING TEMPERATURES, WATER HAMMER CONDITIONS, OR EXCESSIVE WATER PRESSURE, WHETHER CATEGORIZED AS DIRECT DAMAGES OR OTHERWISE. THIS LIMITATION APPLIES WHETHER THE CAUSE OF ACTION ARISES INTORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY), IN CONTRACT, UNDER STATUTE OR OTHERWISE. THIS LIMITATION OF LIABILITY IS A FUNDAMENTAL INDUCEMENT TO SENSUS SELLING THE PRODUCTS. IT SHALL APPLY UNCONDITIONALLY AND IN ALL RESPECTS. IT SHALL BE INTERPRETED BROADLY TO GIVE SENSUS THE MAXIMUM PROTECTION PERMITTED UNDER LAW.

XV. No Implied Warranties...

THE WARRANTIES SET FORTH IN THIS SENSUS LIMITED WARRANTY ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE. THE CUSTOMER ASSUMES SOLE RESPONSIBILITY FOR DETERMINING THAT THE PRODUCTS, SERVICES AND SOFTWARE LICENSES PURCHASED ARE SUITABLE FOR THEIR INTENDED APPLICATION AND USE.

