



Energy Recovery Inc. ("ERI")

Return Material Agreement ("RMA") Procedures

1. If an ERI product becomes inoperative and requires repair or replacement, Buyer will immediately notify ERI.
2. ERI will advise and consult with Buyer by telephone, fax or e-mail to try to address the reported problem. If ERI and Buyer are unable to solve the reported problem by means of consultation, ERI will issue Buyer an RMA number and authorize the return of the affected unit(s) under one of the two following procedures at Buyer's option.
3. Expedited Replacement Procedure:
 - (a) Upon receipt of the RMA number, Buyer will issue a formal Purchase Order (PO) to ERI with net 120-day payment terms covering the purchase price of the unit(s) to be returned for possible warranty replacement. Delivery conditions under this PO will be as agreed to by the Buyer and ERI on a case-by-case basis. The PO will reference the RMA number.
 - (b) ERI will ship replacement parts upon receipt of Buyer's Purchase Order and acceptance of ERI's Sales Order Confirmation. The parts will be shipped under the RMA number for temporary import to the destination country. Concurrent with the shipment, ERI will issue a Commercial Invoice to Buyer on net 120-day payment terms.
 - (c) Buyer will return the affected unit(s) to ERI for evaluation under the RMA number at Buyer's expense. The Commercial Invoice will be payable in accordance with the terms of the Invoice, unless ERI receives the returned unit(s) within 120 days of the date ERI shipped the replacement unit(s). Buyer will be responsible for customs duties and other fees. Note: If Buyer does not return the affected unit(s) under the RMA number or within the temporary import period set by the destination country, the import of the replacement part may be deemed a permanent import and additional customs duties and fees may apply.
 - (d) Upon receipt of the returned units, ERI will evaluate the product to assess what repairs or replacements are required and report the results of its evaluation to Buyer. If the repairs or replacements are covered by ERI's Warranty, the Commercial Invoice will be voided. If the repairs or replacement are not covered by ERI's Warranty, the Commercial Invoice will be payable in accordance with the terms of the invoice. At Buyer's request, ERI will return reusable components of the affected units to Buyer at Buyer's expense provided ERI receives the request within 45 days of the date of its report. ERI will dispose of damaged components and reusable components not returned to Buyer at its discretion.

4. Alternate Replacement Procedure:

(a) Upon receipt of the RMA number, Buyer will return the unit(s) to ERI for evaluation. The shipping documents should reference the RMA number for customs and other purposes.

(b) Upon receipt of the returned units, ERI will evaluate the product to assess what repairs or replacements are required. ERI will report the results of its evaluation to Buyer. If the repairs or replacements are covered by ERI's Warranty, ERI will repair or replace the defective unit(s) at ERI's expense. If the repairs or replacement are not covered by ERI's Warranty, ERI will return the reusable components to Buyer at Buyer's expense provided ERI receives the request within 45 days of the date of its report. ERI will dispose of damaged components and reusable components not returned to Buyer at its discretion.

5. ERI reserves the right to repair or replace damaged or worn ERI products with used or refurbished products or components. ERI warrants that repaired energy recovery device units and components will be free of defects for six (6) months after shipment. ERI's good faith determination of the applicability of the Warranty will be final. Buyer will be responsible for shipping costs, unless the repair or replacement is covered by ERI's Warranty. ERI will ship replacement units for returns covered by its Warranty by means of standard freight.