

**Addendum
To State or Local Government Customer Purchase Order**

This Addendum is entered into by and between Smiths Detection, Inc., a Nevada corporation with offices at 2202 Lakeside Boulevard, Edgewood, MD 21040 (“*Smiths*”), and Jefferson County (TX) Correctional Facility (the “*Customer*”). The purpose of this Addendum is to modify, delete, or amend certain terms and conditions set forth in the attached Purchase Order 068762 dated April 6, 2017 prepared by Customer (the “*Customer PO*” or “*Order*”). This Addendum and the Customer PO are incorporated into each other and, when read together, shall constitute one integrated document (this “*Contract*”). Any inconsistency, conflict, or ambiguity between or among this Addendum, the Smiths Terms of Sale (defined below) and the Customer PO shall be resolved by giving precedence and effect first to this Addendum, then to the Customer PO, then to the Smiths Terms of Sale.

Smiths’ standard United States terms and conditions of sale located at http://www.smithsdetection.com/images/files/pdfs/hidden_links/tandc_US/US_Law_Sales_Terms_Conditions_Sep12015.pdf (the “*Smiths Terms of Sale*”) are hereby incorporated into this Contract, subject to the order of precedence described above.

The parties agree that the following sections are included in this Contract as a part of this Addendum:

1. Smiths Warranty.
 - a. Smiths warrants the product supplied by it pursuant to the Customer PO (the “*Equipment*”) against defective materials and defective workmanship for a period of 12 months from the date of delivery provided the Customer notifies Smiths in writing of any alleged defect within 30 days of its discovery. Under this warranty Smiths will, in its sole discretion, either at the Customer’s premises or on the Customer returning the Equipment carriage paid to such place as Smiths shall direct, make good any defect by repair or replacement within a reasonable period of time if, in the opinion of Smiths, the defect constitutes a breach of this warranty. Any parts so repaired or replaced free of charge under this warranty will be subject to a warranty on the same terms as this warranty for the remaining initial warranty period. Electronic components and other parts or components not manufactured by Smiths shall be subject only to such warranty (if any) as shall be given by the manufacturer or supplier thereof to Smiths.
 - b. No claim will be met by Smiths under this warranty arising out of fair wear and tear or if the Equipment have been incorrectly fitted, misused, kept in storage or immobilized for one year or more, subjected to neglect or abnormal conditions or involved in any accident or any attempt to repair, replacement or modification has been made without the sanction of Smiths or if they have been in any way dealt with contrary to any instructions issued by Smiths.
 - c. Equipment and parts that are consumed in normal operation are not covered by this warranty.
 - d. Smiths warrants that it shall use reasonable skill and care in the performance of the Services delivered under the Order. Smiths does not represent or warrant that all equipment problems will be corrected to the full satisfaction of Customer. The express warranty set forth in the first sentence of this provision shall be the only warranty given by Smiths with respect to the Services provided. The Customer’s exclusive remedy for breach of the express warranty set forth in this provision (d) shall be re-performance of the deficient Services within a reasonable period of time. Notice of a breach of this warranty must (i) specify in reasonable detail the nature of the claim, and (ii) be received within thirty (30) days from the last day of performance of the Services.
 - e. For goods not manufactured by Smiths, Smiths’ only responsibility is to assign to the Customer any manufacturer’s warranty where permissible.
 - f. Within a reasonable time after proper notification, Smiths shall, during its normal business hours, Monday through Friday, correct any defect covered by this warranty with either new or used replacement parts, without charge. The original duration of this Warranty shall remain

applicable to those parts not repaired or replaced. Any part repaired or replaced is warranted to conform to Smiths' specifications and to be free from defects in materials or workmanship appearing within a period after repair or replacement equivalent to the warranty period originally applicable to the Equipment of which it is a part, subject to the other terms of this Warranty. The above remedies are the exclusive remedies of the Customer and Operator, and the sole responsibility of Smiths, for breach of this Warranty.

- g. Smiths' Equipment warranty ceases to be effective if:
 - i. The Customer fails to operate and use the Equipment sold hereunder in a safe and reasonable manner in accordance with Smiths' written instructions;
 - ii. The Equipment that has been subjected to any alteration, disassembly, tampering, modification, or repair without prior authorization by Smiths;
 - iii. Equipment subjected to experimental running or any type of operation or use other than that for which the Equipment/Services is designed;
 - iv. Equipment from which Smiths' and/or vendor's trademark or serial number has been altered, removed, or obliterated without Smiths' written permission;
 - v. Equipment that has been serviced by any party other than Smiths, its authorized service representatives, or a party trained and certified by Smiths to provide such service.
- h. No return of Equipment for purposes of the Warranty or where return is otherwise expressly permitted under the Order shall be accepted by Company without a Return Material Authorization ("**RMA**") number, which may be issued by Smiths in its sole discretion, and receipt of a duly completed Customer Declaration in Smiths' designated format in respect of exposure of the Equipment to hazards which is available at http://www.smithsdetection.com/US_terms_conditions.php. All Equipment for return shall be returned freight prepaid in the manner specified in the RMA. If returned Equipment are claimed to be defective, a complete description of the nature of the defect must be included with the returned Equipment. Equipment not eligible for return shall be returned to Customer, freight collect.
- i. **The remedies provided in this Section 1 shall be the Customer's sole remedy under the Warranty and all further remedies are hereby expressly excluded.**
- j. EXCEPT FOR ANY EXPRESS WARRANTIES MADE BY SMITHS IN THIS ADDENDUM OR IN THE SMITHS TERMS OF SALE, SMITHS MAKES NO WARRANTIES IN RESPECT OF THE EQUIPMENT OR SERVICES WHICH ARE THE SUBJECT OF THIS CONTRACT, AND SMITHS HEREBY EXPRESSLY EXCLUDES AND DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2. Limitations on Liability.

- a. The Customer acknowledges and agrees that:
 - i. The Equipment is intended to be used as security screening equipment, in order to assist in the detection of illegal and/or hazardous materials;
 - ii. The degree of success with which the Equipment will fulfil their intended use is dependent on numerous factors, including without limitation the sophistication of efforts to conceal illegal and/or hazardous materials, the chemical identity and quantity of such materials, the skill, diligence and qualifications of the operator and environmental conditions; and
 - iii. No security screening equipment is capable of detecting every threat, and the Customer agrees that it has no expectation that the Equipment is capable of detecting, or that it will detect, all illegal and/or hazardous materials.

- b. Smiths makes no guaranty or warranty as to the results that will be achieved through the use of the Equipment and it is agreed that the sole responsibility for such results shall be borne by Customer.
 - c. NEITHER SMITHS NOR ANY OF ITS AFFILIATES SHALL BE UNDER ANY LIABILITY WHATSOEVER TO THE CUSTOMER FOR INDIRECT OR CONSEQUENTIAL LOSS (INCLUDING, BUT WITHOUT LIMITATION, LOSS OF PROFIT, LOSS OF REVENUE, LOSS OF GOODWILL, SPECIAL, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY OR OTHER DAMAGES, INCLUDING DAMAGES RESULTING FROM SUBSTITUTE PROCUREMENT, LOSS OF USE, LOSS OF DATA, LOSS OF SAVINGS, LOSS OF BUSINESS, FAILURE OR DELAY IN PERFORMANCE, EVEN IF SMITHS OR ITS AFFILIATES HAVE BEEN ADVISED OF THE POSSIBILITY OF ANY SUCH DAMAGES AND WHETHER OR NOT ARISING OUT OF ANY LIABILITY OF THE CUSTOMER TO ANY OTHER PERSON).
 - d. **The aggregate liability of Smiths and its affiliates taken together resulting from any breach of contract, breach of a duty of care, statutory duty, product liability or otherwise howsoever suffered shall be limited to the lesser of: (i) the amount of the Customer PO to which the Equipment relates or (ii) US\$500,000.**
3. Force Majeure. Smiths shall not be liable to the Customer for any loss or damage arising due to delay or non-performance of its obligations under this Agreement arising from any cause beyond its reasonable control including, without limitation, any of the following: act of God, exceptional adverse weather conditions, flood, lightning or fire (except if the cause of fire originates from the Equipment), strike or lockout, terrorist and/or insurgent activity, armed conflict, large scale organized criminal activity, the act or omission of Government or administrative or other competent authority, war, military operations or riot. Smiths shall be permitted to suspend its obligations under the Order for the duration of any force majeure event.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed by their respective duly authorized representatives in a manner legally binding upon them.

SMITHS DETECTION, INC.

JEFFERSON COUNTY, TEXAS

Signature: _____

Signature: _____

Name: Susan Engler

Name: _____

Title: Director of Government Contracts

Title: _____

Date: _____

Date: _____