MONTGOMERY, MCCRACKEN, WALKER & RHOADS, LLP
ATTORNEYS AT LAW

CHRISTOPHER SCOTT D'ANGELO
ADMITTED IN PENNSYLVANIA

123 SOUTH BROAD STREET
AVENUE OF THE ARTS
PHILADELPHIA, PA 19109
215-772-1500
FAX 215-772-7620

Direct Dial
215-772-7397

cdangelo@mmwr.com

EXPEDITED SERVICE REQUESTED

February 25, 2011

BY FAX: 212.435.7555

The Port Authority of New York & New Jersey
FOI Administrator, Office of the Secretary
225 Park Avenue South, 17th Floor
New York, NY 10003

Re: Freedom of Information Request

Dear Sir or Madam:

Pursuant to the Freedom of Information Laws, we are requesting the following:

1. any and all purchase orders, contracts (including extensions) currently in effect for the electronic toll collection system or components with Mark IV Industries Corp., or its subsidiaries or divisions; and

2. any and all purchase orders, contracts (including extensions) currently in effect for the electronic toll collection system or components with KAPSCH, or its subsidiaries or divisions.

We request expedited service on this request. Please email the records if possible. If they cannot be emailed, please inform me by email of the portions that can be emailed and advise me of the cost for reproducing the remainder of the records requested onto a CD. We understand that we will be obligated to reimburse you for photocopying fees associated with this request. Kindly let us know as soon as possible how much the charges will be so we may deliver payment to you immediately.

If you need additional information, please do not hesitate to contact me at the above email address or telephone number. If for any reason any portion of my request is denied, please inform me of the reason for the denial in writing by email and provide the name, address and email address of the person or body to whom an appeal should be directed. Thank you.

Very truly yours,

Christopher Scott D'Angelo

CSD:scb

THE PORT AUTHORITY OF NY & NJ

Sheree Van Duyne
Acting FOI Administrator

March 31, 2011

Mr. Christopher Scott D'Angelo
Montgomery, McCracken, Walker
& Rhoads, LLP
123 South Broad Street
Avenue of the Arts
Philadelphia, PA 19109

Re: Freedom of Information Reference No. 12172

Dear Mr. D'Angelo:

This is a response to your February 25, 2011 request, which has been processed under the Port Authority's policy on Freedom of Information (the "Policy," copy enclosed) for copies of current purchase orders and contracts between the Port Authority and Marks IV Industries Corp., or its subsidiaries and the Port Authority and KAPSCh or its subsidiaries or divisions for the electronic toll collection system.

Material responsive to your request and available under the Policy, which consists of 137 pages, will be forwarded to your attention upon receipt of a photocopying fee of $34.25 (25¢ per page). Payment should be made in cash, certified check, company check or money order payable to "The Port Authority of New York & New Jersey" and should be sent to my attention at 225 Park Avenue South, 17th Floor, New York, NY 10003.

Certain material responsive to your request is exempt from disclosure pursuant to exemption (7) of the Policy.

Please refer to the above FOI reference number in any future correspondence relating to your request.

Sincerely,

Sheree Van Duyne
Acting FOI Administrator

Enclosure

225 Park Avenue South
17th Floor
New York, NY 10003
T: 212-435-7348 F: 212-435-7555

THE PORT AUTHORITY OF NY & NJ
1 Madison Avenue, 7th Floor, New York NY 10010

MARK IV INDUSTRIES, LTD.
6030 AMBLER DRIVE
MISSISSAUGA ON L4W 2P1
CANADA

CONTRACT

Contract Number/Date
OP14614047 / 10/13/2010
Contact person/Telephone
James Summerville/212-435-3954
Our fax number
212-435-3959

Your vendor number with us
112629

Please deliver to:
Port Authority Technical Center
241 Erie Street - Room 105
JERSEY CITY NJ 07310
USA

Valid from: 08/17/2010
Valid to: 08/16/2011

Item	Material Quantity	Unit	Description Price per unit	Net value
EZ Pass Tag purchase.				
00010			E-ZPass Tags Opt - 8/10 to 8/11	
	8,000,000	each	1.00	8,000,000.00
	8,000,000.00			

For Director,
Procurement Department

THE PORT AUTHORITY OF NY & NJ
1 Madison Avenue, 7th Floor, New York NY 10010

MARK IV INDUSTRIES, LTD.
6030 AMBLER DRIVE
MISSISSAUGA ON L4W 2P1
CANADA

CHANGE TO CONTRACT

Contract Number/Date
4600004047 / 12/16/2002
Contact person/Telephone
Joseph DellaBarca/212-435-3918
Our fax number
212-435-3959
Date Of Change: 10/13/2010

Your vendor number with us
112629

Valid from: 09/23/2002
Valid to: 08/16/2011

Item	Material Quantity	Unit	Description Price per unit	Net value
*** Validity period changed ***				
*** Target value changed ***				
00020			E-ZPass Tags - 8/07 to 8/10	
	2,000,000	each	1.00	2,000,000.00
Please deliver to:				
New York Office Facilities				
NY				
USA				
*** New item ***				
00030			E-ZPass Tags Opt - 8/10 to 8/11	
	8,000,000	each	1.00	8,000,000.00
Please deliver to:				
Port Authority Technical Center				
241 Erie Street - Room 105				
JERSEY CITY NJ 07310				
USA				
*** New item ***				

THE PORT AUTHORITY OF NY & NJ
1 Madison Avenue, 7th Floor, New York NY 10010

MARK IV INDUSTRIES, LTD.
6030 AMBLER DRIVE
MISSISSAUGA ON L4W 2P1

Contract Number/Date
4600004047 / 12/16/2002

Item	Material	Description			
	Quantity	Unit		Price per unit	Net value
	60,000,000.00				

For Director,
Procurement Department

No change or addition to the terms of this purchase order shall be valid unless in writing and signed by the party to be charged: acceptance by the vendor is limited to the terms contained in this purchase order; and the agreement between the parties formed by this purchase order and the acceptance of the vendor may not be supplemented by course of dealing or usage of trade or by course of performance. *Send invoice showing our PO number and vendor number to the Disbursements Section, Accounting Division, 1 PATH Plaza, JERSEY CITY, NJ 07306.*

PO Number/Date
4500028462 / 12/17/2002

THE PORT AUTHORITY OF NY & NJ
1 Madison Avenue, 7th Floor, New York NY 10010

PURCHASE ORDER

Vendor No. 112629
MARK IV INDUSTRIES, LTD.
6030 AMBLER DRIVE
MISSISSAUGA ON L4W 2P1
CANADA
Telephone# 905-624-3025
Fax# 905-624-4572

Our fax number
212-435-3959
Deliver to Address:
Port Authority Technical Center
241 Erie Street - Room 105
JERSEY CITY NJ 07310
USA
Deliver to this address unless a different address is shown below.
Recipient: Malone
Unloading Pt: PATC

Notice: Unless otherwise provided, complete shipment of all items must be made in one delivery. Payments will not be made on partial deliveries unless authorized in advance by the party to be charged and discount wil be taken on total order. Ship no goods C.O.D. or transportation charges collect, unless otherwise specified.

Payt. terms: Net 30 Days

Quantity	Description	Unit Price	Total
	INTERNAL USE ONLY		
	E-ZPass Tag purchase.		
	Extend agreement three years through August 16, 2010 at estimated $2,000,000.		
50,000,000 EA	EZ Pass Tags Deliv. date 12/17/2002	1.00	50,000,000.00
	Rel. ord. against contract 4600004047 Item 00010 **Please deliver to:** Port Authority Technical Center 241 Erie Street - Room 105 JERSEY CITY NJ 07310 USA		
2,000,000 EA	E-ZPass Tags - 8/07 to 8/10 Deliv. date 09/28/2007	1.00	2,000,000.00
	Rel. ord. against contract 4600004047 Item 00020 **Please deliver to:**		

Sales to the Port Authority, as an instrumentality of the states of New York and New Jersey, are exempt from taxation, in those two states, and from federal taxation, including excise taxes. Certificate of Registry for tax-free transactions under Chapter 32 of the Internal Revenue Code No. 13-730079K. The vendor therefore certifies that there are no such taxes included in the prices shown hereon. The vendor shall retain a copy of the purchase order to substantiate the exempt sales.

For Director,
Procurement Department

No change or addition to the terms of this purchase order shall be valid unless in writing and signed by the party to be charged: acceptance by the vendor is limited to the terms contained in this purchase order; and the agreement between the parties formed by this purchase order and the acceptance of the vendor may not be supplemented by course of dealing or usage of trade or by course of performance. *Send invoice showing our PO number and vendor number to the Disbursements Section, Accounting Division, 1 PATH Plaza, JERSEY CITY, NJ 07306.*

THE PORT AUTHORITY OF NY & NJ
1 Madison Avenue, 7th Floor, New York NY 10010

Page 2 Of 3

Vendor No. 112629
MARK IV INDUSTRIES, LTD.
MISSISSAUGA ON L4W 2P1

PO Number/Date
4500028462 / 12/17/2002

Quantity	Description	Unit Price	Total
	New York Office Facilities NY USA		
8,000,000 EA	E-ZPass Tags Opt - 8/10 to 8/11 Deliv. date 10/13/2010	1.00	8,000,000.00
	Rel. ord. against contract 4600004047 Item 00030 **Please deliver to:** Port Authority Technical Center 241 Erie Street - Room 105 JERSEY CITY NJ 07310 USA		
	Contact person/Telephone Joseph DellaBarca/212-435-3918		

Total Delivered Price In USD 60,000,000.00

Sales to the Port Authority, as an instrumentality of the states of New York and New Jersey, are exempt from taxation, in those two states, and from federal taxation, including excise taxes. Certificate of Registry for tax-free transactions under Chapter 32 of the Internal Revenue Code No. 13-730079K. The vendor therefore certifies that there are no such taxes included in the prices shown hereon. The vendor shall retain a copy of the purchase order to substantiate the exempt sales.

For Director,
Procurement Department

TERMS AND CONDITIONS

1. To be valid, this purchase order must be signed by the Director of Procurement of the Port Authority (PA), or her designee.

2. Unless otherwise provided, complete shipment of all items must be in one delivery, FOB delivery point, freight included. Payment will not be made on partial deliveries unless authorized in advance by the party to be charged and the discount, if any, will be taken on the total order.

3. Standard PA payment terms are net 30 days, unless otherwise stated.

4. Sales to the PA and to Port Authority Trans-Hudson (PATH) are currently exempt from New York and New Jersey State and local taxes and generally from federal taxation. The seller certifies that there are no federal, state, municipal or any other sales taxes included in the prices shown hereon.

5. Unless the phrase "No substitute" is indicated, bidder may offer alternate manufacturer/brands, which shall be subject to Port Authority Approval. Please indicate details of product being offered with bid.

6. If the vendor fails to perform in accordance with the terms of this purchase order, the PA may obtain the goods or services from another contractor and charge the seller the difference in price, if any, plus a reletting cost of $100, plus any other damages to the PA.

7. The vendor may subcontract the services including using a supplier for the furnishing of materials required hereunder, to such persons or entities as the Manager, Purchasing Services may from time to time expressly approve in writing. All further subcontracting shall also be subject to such approval.

8. Upon request, vendors are encouraged to extend the terms and conditions of this agreement with the PA to other government and quasi-government entities by separate agreement.

9. If the vendor's office set forth herein is not located in the states of New York or New Jersey, this agreement shall be construed in accordance with the laws of the State of New York, not including conflict of law provisions.

10. All notices in connection with this agreement shall be sent by the vendor to the Port Authority of NY & NJ, Manager, Purchasing Services Division, One Madison Ave. - 7th floor, New York, New York 10010.

11. The vendor shall not issue nor permit to be issued any press release, advertisement, or literature of any kind, which refers to the Port Authority or to the fact that goods have been, are being or will be provided to it and/or that services have been, are being or will be performed for it in connection with this Agreement, unless the vendor first obtains the written approval of the Port Authority. Such approval may be withheld if for any reason the Port Authority believes that the publication of such information would be harmful to the public interest or is in any way undesirable.

THE PORT AUTHORITY OF NY & NJ

October 13, 2010

VIA EMAIL: pmanuel@ivhs.com

Paul Manuel, Sales & Marketing Mgr.
Mark IV Industries
PO Box 810
Amherst, NY 14226

RE: Areement between the Port Authority of NY & NJ ("Port Authority") and Mark IV Industries, Ltd. for the provision of transponders, and related parts and equipment; Contract # 4600004047; Purchase Order # 4500028462; One-Year Option

Dear Mr. Manuel:

Pursuant to the Agreement between the Port Authority and Mark IV Industries, Ltd. dated May 28, 2007, the Port Authority hereby extends the referenced Agreement for the one (1) year option period effective August 17, 2010 to August 16, 2011. All other terms and conditions of the existing Agreement shall remain unchanged and in full force and in effect.

Your facility contact is Robert Williams, who can be reached at (212) 435-4879. If you have questions regarding this extension, please contact me at the number or email address below.

Very truly yours,

James Summerville

James Summerville, Sr. Buyer
Procurement Department
212-435-3954
jsummerville@panynj.gov

One Madison Avenue, 7th Floor
New York, NY 10010
T: 212 435 7000

SAP Approver Checklist - OPTIONS

Contract # 46-4047 OP 14614047	Purchase Order #: 45-28462
SUMMARY – Brief description of current transaction Exercise one-year option for Mark IV Industries	Buyer/PGrp#: 040 Buyer Name: Summerville

All first level Approvers must review SAP for the following Key information. (This does not substitute for the review of the procurement file documentation). Second and/or Final Approver may check all or randomly select areas to double check.

Chck Rvew		Checklist of Critical Items to be included for contract awards in SAP
x		**Correct Contract has been selected**
46 contract		
x		**Validity Dates** – Leave start date alone, update end date.
x		**Line Item Overview**- Ungarbage can out the appropriate Option line
x		**Target value** represents amount of total award to date – base period, exercised options and supplemental including this option period
NA		If payments are to be made against a pot of money or will have variable account codes that the ***quantity and unit price have been reversed.*** (Not unit line item price specific)
x		Sum of line items AKA – **Total Value** -(must scroll down on contract header section) should match target value [exception is MMD requirements contracts where target value is authorized amount and sum is anticipated amount per bid document]. **Header Conditions or Status** will give you a total for POs, (and matches MJ amount- PO's without contracts)
x		**Change Order Tab** – Fill in all fields - CO date, Amount $, C/O type should be EO, C/O Authorization document, buyer number, description. Term Code should not be used for exercising options.
x		**VIC** - Remember if over 100K check that VIC has been cleared before approval (Gov't ->500K).
In buyer's		**Requisition** is in the reference field. If no reference put in (acknowledgement fields). Was requisition closed manually? Make sure requisition was closed. (Not deleted) You must close each line item individually.
x		***Buyer notes*** should identify buyer, date entered and pertinent information regarding the option in a professional and concise manner. *Newest note to the bottom of all the text.*
x		**The material group** (NIGP code) is the correct code for this commodity or service.
x		The contract as displayed when **"Print Preview"** is selected on the release screen, is clear and complete and **does not include** information from the requisition intended for internal communication.
PO		
x		**Contract** Reference made - The outline agreement number [i.e., 46 number] is displayed when you scroll to the right on the line item in the PO. (Confirming PO was made in reference to the Contract)
x		The PO, as displayed when **"Print Preview"** is selected on the release screen, is clear and complete and **does not include** information from the requisition intended for internal communication.
x		**Buyers Notes** – updated to reflect option period and consistent with Contract. (cut and paste)
x		**Change Order Tab** – Updated to reflect option period and consistent with Contract.
OP Contract (Opx460yyyy)		
x		**Solicitation type** = Option
x		**Renewal Type** = OPT
x		**Validity Date** – Should be only for the option period (both start and end).
x		**Target Value** – Option period LESS extra work.
x		**Reference** - Ensure the OP was created with reference to the 46.
x		**Buyers Notes** – updated to reflect option period and consistent with Contract. (Cut and paste)
x		**Change Order Tab** – Updated to reflect option period and consistent with Contract.

SAP Approver Checklist - OPTIONS

Documents required for Review
(Note: individual approvers may ask for additional items depending on contract)

x	Copy of SAP Requisition
x	Contract Data Report for 46
x	Contract Data Report for OP
x	Copy of Actual Contracts (with notation for Internal Use Only) for 46 and OP
	Copy of Actual PO (even if not being sent to vendor)
x	VIC
x	Authorizing documents (MJs)
x	Copy of cover page of contract and copy of all relevant Contract language that indicates pricing methodology, option periods etc.
x	Signed letter to vendor exercising Option Period and copy of communication waiving their advance notification (if applicable)
na	Backup info showing how CPI was calculated (if applicable)
na	MISC – Any & all other documentation required to assist the review.

Buyer James Summerville **Buyer Initials** Jr **Date** 10/13/10

Approver(s) _____ **Approver(s) Initials** _____ **Date** _____

Final Approver J Summerville **Approver Initials** Jr **Date** 10/13/10

THE PORT AUTHORITY OF NY & NJ

RECOMMENDED AWARD SUMMARY TRANSMITTAL

PA3247 / 04-08

Page ____ of ____

☐ New Award ☒ Option ☐ Escalation ☐ Supplemental ☐ Change Order ☐ Other

TO: Summerville
FROM: Summerville
DATE: 10/10/10
SUBJECT: Option on transponder tags
CC:

Reference		Released Initials	
Collective No.		Buyer	
P.O. No.	45-28462	Supv.	
Contract No.	46-4047	Mgr.	
Tracking No.	CP1461047	Director	

Vendor Bid Array	Bid Amount	Total Award + Extra Work (Recommended Vendor Only)
1. Mark IV Industries	8,000,000.00	60,000,000
2.		
3.		

____ Other bids were received ranging from ____ to ____ as well as ____ Incomplete bids

____ No bids ____ Total Vendors Solicited

Publicly Advertised in ☐ NYC Record ☐ NYS Reporter ☐ Star Ledger ☐ Bergen Record ☐ Other ____

Date: ____

☐ Sole Source ☐ Set Aside (S/M/W/BE) ☐ Other (Specify) ____

☐ Government Contract ☐ NY State ☐ NJ State ☐ Other ____

☐ Please note that the low bid exceed(s) your estimate by more than 10 %. Original Estimate: ____

☐ Pre-Award meeting recommended.

Date: ____ Time: ____

Buyer's Signature: J Amle Title: Sr Contr. Date: 10/12/10

☐ Concurred in by: ____ Signature – Originator ____ Date ☐ Concurred by phone: ____ Name ____ Date

☐ Rejected for the following reason(s): (Attach rejection memo supplied by Originator)

Award to: Mark Industries IV Amount: $8,000,000.00

Award to: ____ Amount: ____

Award to: ____ Amount: ____

Effective ____ to ____ Number of Option ____ of ____

Escalation Method: ☐ CPI for months of ____ and ____ ☐ Escalation Negotiation ☐ Fixed Price

☐ Other ____

☒ MJ Date: 2/22/07
☐ Negotiation Document Attached
☐ Vendor Integrity Check
☐ Board of Commissioners Approval Date: ____
☐ Low Bid Rejected Form

☐ Price Preference Sheet
☐ Bid Spreadsheet
☐ Non-Responsive/Responsible
☐ Refer to Buyers Notes (SAP)
☐ Other: ____

☐ Restrict Competition Form
☐ CPI Verification Form
☐ Escalation Spreadsheet
☐ Insurance Document

J Amle — Signature – Procurement — 10/12/10 Date

PURCHASE REQUISITION-DATA REPORT

Doc. Type	Purch. Requisition#	Date
STND	10073423	09/22/2010

Requisitioner : J. Riccardi
Tracking Number : 4600004047

Desired Vendor : 112630

4-4047
4500 28462

Header Text:

This purchase requisition is to exercise a one-year extension option for the Port Authority's agreement with Mark IV for the purchase of E-ZPass tags. The base agreement was from 8/17/07 to 8/16/10. The extension period is from 8/17/10 to 8/16/11. The purchase order number is 4500028462 and the agreement number is 4600028462. If you have any questions you can contact Robert Williams at 10-4879.

Item D I A	Material Quantity	Description UOM	Deliv. Dt	Mat.Grp.	Plant	Stor.Loc.	PGRP SPlant	
[redacted]	[redacted]							[redacted]
[redacted]	[redacted]							

CO Area : 1000
G/L Account : 533006
Business Area : X
Cost Center : 075B02
Goods Recepient: J. Riccardi Unloading Point : 1 Madison Ave. 5th Floor
CO Area : 1000
G/L Account : 533006
Business Area : X
Cost Center : 075B03
Goods Recepient: J. Riccardi Unloading Point : 1 Madison Ave. 5th Floor
CO Area : 1000
G/L Account : 533006
Business Area : X
Cost Center : 075B04
Goods Recepient: J. Riccardi Unloading Point : 1 Madison Ave. 5th Floor
CO Area : 1000
G/L Account : 533006
Business Area : X
Cost Center : 075B06
Goods Recepient: J. Riccardi Unloading Point : 1 Madison Ave. 5th Floor
CO Area : 1000
G/L Account : 533006
Business Area : X
Cost Center : 075B07
Goods Recepient: J. Riccardi Unloading Point : 1 Madison Ave. 5th Floor
CO Area : 1000
G/L Account : 533006
Business Area : X
Cost Center : 075B08
Goods Recepient: J. Riccardi Unloading Point : 1 Madison Ave. 5th Floor

Total Requisition Amount : 8,000,000.00

Paul Manuel, Sales + Marketing Mgr.

Item D I A	Material Quantity	Description UOM	Deliv. Date	Mat.Grp.	Plant	Stor.Loc.	PGRP SPlant
[redacted]	[redacted]						
	APPROVER NAME : MMURIELL RELEASE DATE : 09/22/2010 RELEASE TIME : 13:47:59						

PURCHASE ORDER-DATA REPORT

PO Number/Date
4500028462 / 12/17/2002

Vendor No. 112629
MARK IV INDUSTRIES, LTD.
6030 AMBLER DRIVE
MISSISSAUGA ON L4W 2P1
Telephone# 905-624-3025
Fax# 905-624-4572
Salesperson:

Deliver to Address:
Port Authority Technical Center
241 Erie Street - Room 105
Jersey City NJ 07310
Deliver to this address unless a different address is shown below.

Payt.terms: Net 30 Days

Item No	Quantity	Description	Rate	Unit Price	Total
		(Hdr.Text(Del.Info)RFQ->CON->PO):			
		INTERNAL USE ONLY E-ZPass Tag purchase. Extend agreement three years through August 16, 2010 at estimated $2,000,000.			
		(Header Note (Internal Only)):			
		EZ Pass Tag purchase.			
		(Buyer Note (Internal Only)):			
		Purchase of EZPass tags off Mark IV contract with Interagency Group Contract. Board Authorized last phase of contract on 9/12/02. Interagency Group = regional gov't agencies' collective agreement to purchase electronic toll tags. Requisition entered by client as EMERGENCY and it is not an EMER PO. Contract 4600004047 created for this work. IB 12/17/02. Account assignments changed as requested by client. 04/09/03 IB			
		09/28/07 Per requisition 50022567 released by Mark Muriello, Ast Director, TB&T, and Policy MJ dated February 22, 2007 signed by Ernesto Butcher on March 6, 2007, extended Mark IV agreement for three years at estimated $2,000,000. Contract extension booklet approved Form: Herb Somerwitz, Approved Terms: Charlie Fausti, signed by Andrea Roitman, Director of Procurement Department on 08/17/07. JoeDB.			
		10/13/10: Per C/O 10073423, I exercised the first and only option on this contract, for $8M. Option authorized via PRMJ dated 2/22/07. VIC for option cleared on 10/12/10. Vendor notified via letter on 10/13/10. Note that the requisition was created and received late. Nevertheless, no reprecussions from the vendor. JSummerville.			

4500028462 / 12/17/2002

Item No	Quantity	Description	Rate	Unit Price	Total
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		Deliv.date: 12/17/2002 Rel. ord. against contract 4600004047 item 00010 Please Deliver to: Port Authority Technical Center 241 Erie Street - Room 105 Jersey City NJ 07310			
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		Deliv.date: 09/28/2007 Rel. ord. against contract 4600004047 item 00020			
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		Deliv.date: 10/13/2010 Rel. ord. against contract 4600004047 item 00030 Please Deliver to: Port Authority Technical Center 241 Erie Street - Room 105 Jersey City NJ 07310 * * * * * * * * Quotation Date: 00/00/0000 Mode of Solicitation: OPTION Type of Solicitation: OTHER Submission Status: RECEIVED Our Contact person/Telephone Joseph DellaBarca / 212-435-3918			
		Total Value of Document in USD			60,000,000.00

FOR INTERNAL USE ONLY

CONTRACT-DATA REPORT

Contract Number/Date
4600004047 / 12/16/2002
Contact person/Telephone
Joseph DellaBarca / 212-435-3918

MARK IV INDUSTRIES, LTD.
6030 AMBLER DRIVE
MISSISSAUGA ON L4W 2P1

Your Vendor number with us
Vendor No. 112629

Please Deliver to:
Port Authority Technical Center
241 Erie Street - Room 105
Jersey City NJ 07310

Target Value: 60,000,000.00

Term	Start Date	End Date
CURRENT	09/23/2002	08/15/2007
OB01 Optn-1 on BASE Price	08/16/2007	08/16/2010
OB02 Optn-2 on BASE Price	08/17/2010	08/16/2011

Item	Material	Quantity	Description	UNIT	Price per unit	Net Value
Payt.terms: Net 30 Days						Currency USD

Hdr.text(del.info)rfq->con->po:

EZ Pass Tag purchase.

(Header Note (Internal Only)):

EZ Pass Tag purchase.

(Buyer Note (Internal Only)):

Purchase of EZPass tags off Mark IV contract with Interagency Group Contract. Board Authorized last phase of contract on 9/12/02. Interagency Group = regional gov't agencies' collective agreement to purchase electronic toll tags. Requisition entered by client as EMERGENCY and it is not an EMER PO. Contract 4600004047 created for this work. IB 12/17/02.

09/28/07 Per requisition 50022567 released by Mark Muriello, Ast Director, TB&T, and Policy MJ dated February 22, 2007 signed by Ernesto Butcher on March 6, 2007, extended Mark IV agreement for three years at estimated $2,000,000. Contract extension booklet approved Form: Herb Somerwitz, Approved Terms: Charlie Fausti, signed by Andrea Roitman, Director of Procurement Department on 08/17/07. JoeDB.

4600004047 / 12/16/2002

Item	Material	Quantity	Description	UNIT	Price per unit	Net Value
			10/13/10: Per C/O 10073423, I exercised the first and only option on this contract, for $8M. Option authorized via PRMJ dated 2/22/07. VIC for option cleared on 10/12/10. Vendor notified via letter on 10/13/10. JSummerville.			
[redacted]						
[redacted]						
[redacted]						

* * * * * * * *
Quotation Date: 00/00/0000
Mode of Solicitation: RFP
Type of Solicitation: OTHER
Submission Status: RECEIVED

Total Value of Document in USD 60,000,000.00

FOR INTERNAL USE ONLY

CONTRACT-DATA REPORT

Contract Number/Date
OP14614047 / 10/13/2010
Contact person/Telephone
James Summerville / 212-435-3954

MARK IV INDUSTRIES, LTD.
6030 AMBLER DRIVE
MISSISSAUGA ON L4W 2P1

Your Vendor number with us
Vendor No. 112629

Please Deliver to:
Port Authority Technical Center
241 Erie Street - Room 105
Jersey City NJ 07310

Target Value: 8,000,000.00

Term	Start Date	End Date
CURRENT	08/17/2010	10/12/2010
OBO2 Optn-2 on BASE Price	10/13/2010	12/31/9999

Item	Material	Quantity	Description	UNIT	Price per unit	Net Value
Payt.terms: Net 30 Days						Currency USD

Hdr.text(del.info)rfq->con->po:

EZ Pass Tag purchase.

(Header Note (Internal Only)):

EZ Pass Tag purchase.

(Buyer Note (Internal Only)):

Purchase of EZPass tags off Mark IV contract with Interagency Group Contract. Board Authorized last phase of contract on 9/12/02. Interagency Group = regional gov't agencies' collective agreement to purchase electronic toll tags. Requisition entered by client as EMERGENCY and it is not an EMER PO. Contract 4600004047 created for this work. IB 12/17/02.

09/28/07 Per requisition 50022567 released by Mark Muriello, Ast Director, TB&T, and Policy MJ dated February 22, 2007 signed by Ernesto Butcher on March 6, 2007, extended Mark IV agreement for three years at estimated $2,000,000. Contract extension booklet approved Form: Herb Somerwitz, Approved Terms: Charlie Fausti, signed by Andrea Roitman, Director of Procurement Department on 08/17/07. JoeDB.

OP14614047 / 10/13/2010

Item	Material	Quantity	Description	UNIT	Price per unit	Net Value
	10/13/10: Per C/O 10073423, I exercised the first and only option on this contract, for $8M. Option authorized via PRMJ dated 2/22/07. VIC for option cleared on 10/12/10. Vendor notified via letter on 10/13/10. JSummerville.					
[redacted]						
	* * * * * * * * Quotation Date: 00/00/0000 Mode of Solicitation: OPTION Type of Solicitation: OTHER Submission Status: RECEIVED					
	Total Value of Document in USD					8,000,000.00

FOR INTERNAL USE ONLY

MARKIV

IVHS Inc.

May 28, 2007

Port Authority of New York & New Jersey
One Madison Avenue
5th Floor
New York, NY 10010

Attn: Ms. Victoria Cross Kelly
Director of Bridges, Tunnels & Terminals

Dear Ms. Kelly:

As you know, the E-ZPass Interagency Group (IAG) and Mark IV have negotiated an extension of the amended Irrevocable Offer (IO) to permit the IAG sufficient time to undertake a competitive process for a successor contract.

Enclosed are two copies of the Extension Agreement which I have already executed. The Agreement is for a three year term commencing August 17, 2007 and terminating on August 16, 2010. The Agreement also provides an Option for one additional extension year until August 16, 2011 to be exercised at your sole discretion.

Please sign and date both copies, return one to me at the address below and retain the other for your files.

It has been Mark IV's pleasure to serve The Port Authority of New York & New Jersey over the years and we look forward to continuing to do so throughout the term of the Extension. If our company or I personally can be of any assistance to you, please do not hesitate to call upon us.

Sincerely,

Martin Capper,
President

Mark IV IVHS, Inc.
24 Minneakoning Road
Flemington, New Jersey 08822
(908) 237-5020, (908) 237-5033 facsimile

Mark IV Industries, Corporation
6020 Ambler Drive
Mississauga, Ontario
(905) 624-3020, (905) 624-4572 facsimile

CERTIFICATE OF RESOLUTION

The following is a true and correct copy of a resolution duly adopted by consent of the Board of Directors of Mark IV IVHS, Inc., a Delaware corporation:

"RESOLVED, that Martin Capper, Vice President and President of the IVHS Division of Mark IV IVHS, Inc., be hereby empowered and authorized to execute and deliver the attached Offer pursuant to the terms and conditions described therein, on behalf of Mark IV IVHS, Inc. and that said Martin Capper, Vice President and President of the IVHS Division of Mark IV IVHS, Inc. be empowered and authorized to do such other and further things as may be desirable or necessary in his estimation with respect to such Offer and any other supplementary agreement that may result hereupon to execution on behalf of Mark IV IVHS, Inc. pursuant to such Offer."

Given under my hand, and the seal of this corporation on this 25th day of May, 2007 by the undersigned Secretary of Mark IV IVHS, Inc.

(SEAL)

Edward R. Steele

Name: Edward R. Steele
Title: Secretary

#2886120 (133499.233)

MARKIV

IVHS Inc.

May 28, 2007

Port Authority of New York & New Jersey
One Madison Avenue
5th Floor
New York, NY 10010

Attn: Ms. Victoria Cross Kelly
Director of Bridges, Tunnels & Terminals

RE: SECOND EXTENSION AGREEMENT TO IRREVOCABLE OFFER – 3 YR TERM

Dear Ms. Kelly:

This Agreement shall serve to extend and amend the provisions of that certain Irrevocable Offer originally made by Mark IV Industries, Limited and/or Mark IV IVHS, Inc. ("Mark IV"), the terms and conditions of which were approved by the E-ZPass IAG Interagency Group (the "IAG") Executive Committee on March 18, 1994 and which was accepted by your entity on August 8, 1996 (the "IO"), as amended pursuant an offer to extend such IO, the terms and conditions of which were approved by the E-ZPass IAG Executive Committee on July 30, 1998 and which was accepted by your entity by that certain IO Extension Agreement dated January 4, 1999 (the "First Amendment"), to allow the members of the IAG ("Member(s)") to continue purchasing transponders, parts and equipment from Mark IV under the terms of the IO as amended previously and herein. The IO as amended by the First Amendment is referred to herein as the Amended IO. The Amended IO as amended by this Agreement is referred to herein as the Extended IO.

Since the original issuance of the IO, additional agencies and entities have become Members. Accordingly, notwithstanding the list of specific agencies in the second paragraph of the IO or elsewhere in the Amended IO, references to "Participating Agencies" throughout the Extended IO shall mean all Members which have accepted the IO, the Amended IO or the Extended IO, as the case may be, and any successor or assign of any such Member, and shall also encompass, and shall be interpreted to include, any other Member which later executes the IO, the First Amendment, this Agreement, or any other documentation required by any of those agreements or related to the Extended IO, and any successor or assign of any such Member.

Any usage of the term "agency" throughout the Extended IO shall be construed as "entity" in the case of a Member which is not an agency. Further, it is expressly understood that, any language in the Extended IO to the contrary notwithstanding, any reference to specific states where Members are located shall encompass and shall be interpreted to include the states where any additional Members are located.

Mark IV acknowledges that the IAG is commencing a procurement process to identify electronic toll collection technology to be utilized by the Members as a successor to the technology utilized under the Amended IO. This Agreement is intended to provide a period of time for the IAG to

Mark IV IVHS, Inc.
24 Minneakoning Road
Flemington, New Jersey 08822
(908) 237-5020, (908) 237-5033 facsimile

Mark IV Industries, Corporation
6020 Ambler Drive
Mississauga, Ontario
(905) 624-3020, (905) 624-4572 facsimile

complete its procurement process, for the Members to make awards and finalize their respective successor contracts and, as appropriate, install any required equipment for the successor technology. This Agreement extends and amends the provisions of the Amended IO as the Extended IO for those Members which execute this Agreement as follows:

1. **Term**. The term of the Amended IO shall be extended for a period of three years commencing August 17, 2007 and terminating August 16, 2010; provided that, a one-year extension option (the "Option") may be exercised at your entity's sole discretion, without prejudice to any Member that chooses not to extend. The Option, if exercised, will commence on August 17, 2010 and terminate on August 16, 2011. In order to exercise the Option your entity must provide notice of its intention to exercise such Option to Mark IV by no later than November 17, 2009. In the event that your entity enters into a new agreement with Mark IV or any of its affiliates that succeeds the Extended IO (the "New Agreement"), the Extended IO shall terminate upon execution of the New Agreement and all terms of the New Agreement shall supersede the provisions of the Extended IO. The Extended IO shall also be subject to termination as may otherwise be provided in the Amended IO except as otherwise amended herein.

2. **Price**. Upon execution of this Agreement, your entity may purchase interior flatpack model transponders ("FPT Tags") from Mark IV at the price of $20.95 per FPT Tag throughout the term of the Extended IO, including the term of the Option, if exercised. For those Members that provided Mark IV with a Letter of Intent by November 30, 2006, signed by the Member's Executive Director or equivalent executive, and who provided a duly certified copy of an appropriate Board resolution authorizing said Executive Director or equivalent executive to negotiate and execute a formal agreement (being this Agreement), then the prices for FPT Tags shipped to such Member on October 1, 2006 and thereafter were in accordance with this Agreement. For those Members that provided Mark IV with a Letter of Intent by November 30, 2006, signed by the Member's Executive Director or equivalent executive, confirming his/her intention to seek Board acceptance of any agreement substantially in the form outlined herein, and ultimately execute this Agreement prior to the expiry of the Amended IO, then the prices for FPT Tags shipped to such Member between October 1, 2006 and the date that this Agreement is executed shall be adjusted retroactively using credit memos, resulting in net prices equivalent to the prices offered herein. The pricing of transponders in addition to FPT Tags and all other equipment that your entity may purchase pursuant to the Extended IO is contained in the price list on Schedule "A" attached hereto and incorporated herein, which prices shall remain in effect for the entire term of the Extended IO. The pricing for E-ZPass On-The-Go, if applicable, will be addressed by separate agreement.

3. **Escrow Agreement**. Anything in Paragraph 2(a) of the IO to the contrary notwithstanding, Mark IV agrees that the escrow of documentation shall continue to be maintained in place until such time as all of the Members replace the present Mark IV roadside system in its entirety. Within thirty (30) days of the execution of this Agreement, Mark IV shall, at its sole expense, secure the approval of the Escrow Agent (as hereinafter defined) to an amendment extending the term of that certain Escrow Agreement by and among Mark IV IVHS, Inc., Data Security International, Inc. (now known as Iron Mountain, the "Escrow Agent") and the Triborough Bridge and Tunnel Authority ("TBTA"), dated March 21, 1995, as amended

April 13, 1995, in form and substance acceptable to your entity and TBTA in order to make such Escrow Agreement consistent with this Agreement.

4. **Support of Products.** Mark IV shall continue to provide support of its products, including, but not limited to, spare parts, depot service, field engineering, technical support and software maintenance for a period of one (1) year from the expiration of the term of the Extended IO, including any applicable Option term.

5. **Permitted Sales by Member Executing this Agreement; Offers for Sale by Mark IV.** Your entity shall be entitled to resell antennas, readers and other Mark IV equipment, except for transponders, to other Members regardless of whether such Members executed the First Amendment or this Agreement. Mark IV shall continue to offer to sell transponders and other equipment to Members that did not execute the IO, the First Amendment or this Agreement at the prices as referenced in the Amended IO, as further defined in Schedule "B" attached hereto and incorporated herein, for the term of the Extended IO, including the term of the Option, if exercised, and subject to the Mark IV terms and conditions of sale as set forth on Schedule "B" attached hereto, which prices shall remain in effect for the entire term of the Extended IO..

6. **Warranty Agreement.** Except as otherwise amended or supplemented herein, all terms and conditions of the Warranty Agreement dated March 22, 2005 shall remain in full force and effect for the duration of the Extended IO, including the term of the Option, if exercised. In furtherance of the foregoing, (i) the references to August 17, 2007 in Section 2.5 of the Warranty Agreement shall be revised to coincide with the last day of the term of the Extended IO, being August 16, 2010, or August 16, 2011 if the Option is exercised, (ii) the reference to August 31, 2007 in Section 2.5 of the Warranty Agreement shall be revised to refer to August 31, 2010 or August 31, 2011, as the case may be, and (iii) the reference to August 7, 2007 in Section 7.1 of the Warranty Agreement shall be revised to refer to August 7, 2011.

7. **Tag Swap Agreement.** Except as otherwise amended or supplemented herein, all terms and conditions of the Tag Swap Agreement dated September 12, 2002 shall remain in full force and effect. It is expressly understood that the discount offered in the Tag Swap Agreement shall be based upon, and shall apply only to FPT Tags purchased at the applicable price in force prior to this Agreement. The parties further agree that while all rights, duties and obligations placed upon any party under the Tag Swap Agreement shall remain in full force and effect, the termination date of the Tag Swap Agreement is not affected by any other provision of this Agreement.

8. **New Equipment.** Mark IV shall (a) maintain full backward compatibility for any new equipment or transponders that Mark IV sells to your entity or other Members; (b) obtain the prior written consent of the IAG prior to manufacturing new equipment or transponders intended for the IAG system; and (c) permit the IAG, at the IAG's request, to perform First Article Inspection Testing of such equipment or transponders prior to the introduction of such equipment or transponders to the IAG system, which shall be in addition to, rather than in lieu of, Mark IV's obligation to perform such testing in accordance with Paragraph 32(a) of the IO. Mark IV shall secure the IAG's written consent of any new equipment before same may be installed by any Member.

9. **Transfers**. Mark IV shall not sell, assign, or otherwise transfer any duty, obligation, right, title or interest in the Extended IO without the express written consent of the IAG, which consent shall not be unreasonably withheld. The IAG further agrees that approval shall be granted if the assignee, transferee, or purchaser is responsible and: (i) is fully authorized, licensed, and approved to do business in all applicable states or jurisdictions; (ii) has financial support or resources comparable or equivalent to those of Mark IV; and (iii) has the operating, manufacturing and technical expertise and capacities that are the same or similar to those of Mark IV in providing the products and services the same or similar to those provided by Mark IV. Nothing in this Agreement shall restrict a sale or transfer of Mark IV stock; provided that Mark IV ensures that in the event of a sale or transfer of stock that the purchaser of such stock shall accept the rights and obligations of the Extended IO.

10. **Amendments to IO Provisions**. The delineated sections of the IO below are amended as follows:

a) The first sentence of the fourth paragraph of the IO that reads as follows is deleted in its entirety: "Notwithstanding anything to the contrary contained in this offer, the period during which the prices (including any applicable price increases) contained in Attachment A shall be available to your Agency and each other Participating Agency shall begin on the first date that we receive the first order for Equipment from the first of the Participating Agencies to place an order for Equipment pursuant to the terms of this offer.".

b) The sixth paragraph of the IO is deleted in its entirety and replaced with the following: "Our offer to sell the Equipment and spare parts, to license the Software, New Technology and to provide the warranty, technical support and maintenance service provided for herein shall be irrevocable (as amended, hereinafter referred to as our "Irrevocable Offer") until August 16, 2011.".

c) Paragraph 1(b) is deleted in its entirety without replacement, leaving such subparagraph as intentionally omitted.

d) The first sentence of Paragraph 1(c) that reads as follows is deleted in its entirety: "We agree that, within one (1) year from the date this Irrevocable Offer is accepted by your Agency, and at all times thereafter during the term this Irrevocable Offer is in effect (including any renewal terms) we shall license to at least one other qualified manufacturer selected by us, the right to manufacture the Equipment set forth in Attachment A.". The parties acknowledge that the remainder of Paragraph 1(c) was effectively deleted by the First Amendment.

e) Paragraph 1(d) is deleted in its entirety and replaced with the following: "Mark IV shall not restrict your Agency and the Participating Agencies in any manner whatsoever from conducting research, testing, or taking any steps in the procurement process during the term of the Extended IO or from installation of any roadside equipment resulting from such procurement process. In addition to research and development efforts and previously existing operational systems, your Agency and the Participating Agencies may purchase from any person, firm, corporation or other entity aside from us or our duly

licensed manufacturers, any equipment, spare parts or software for use in connection with the purposes described in the Technical Specifications, or enhanced products not described in the Technical Specifications for use in electronic toll collection activities or other equipment and/or other equipment and/or technology relating to electronic toll collection activities, may implement procurement processes with respect to such equipment, spare parts, software, enhanced products or technology and may install same; provided that such equipment installed on the facilities of your Agency or any Participating Agency shall not interfere with, nor impact, directly or indirectly, any Mark IV roadside equipment, reader equipment, or transponders and further provided that same is not employed in revenue collection activities during the term of this Irrevocable Offer. We agree not to sell to our other customers in North America, Readers (whether Basic or Enhanced) that have the ability to write information to Tags that have been purchased by your Agency and/or the Participating Agencies, unless we have received the prior written consent of the IAG to our sale of such Readers to such customers. For purposes of this Agreement, the consent of the IAG shall be evidenced by a resolution of the IAG Executive Committee certified by the Chair of such Committee. We may continue to sell equipment capable of reading IAG formatted transponders to non-IAG members, but we will continue the established practice of giving the IAG an opportunity to assign an agency code for use by the new customer.".

f) The last sentence of the first paragraph of Paragraph 2(a) is deleted and replaced with the following: "The escrow provided for by this Paragraph 2 shall extend until all Participating Agencies replace the present Mark IV roadside system in its entirety.".

g) Paragraph 6 is revised to refer to the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia.

h) The first sentence of Paragraph 9(e) shall remain in effect; the remainder of Paragraph 9(e) is deleted in its entirety.

i) Paragraph 20(b) is deleted in its entirety without replacement, leaving such subparagraph as intentionally omitted.

j) Paragraph 21(e) is deleted in its entirety and replaced with the following: "We agree to be bound by the provisions of the applicable laws and regulations in your state regarding personal privacy with respect to any data created under this Irrevocable Offer and the applicable personal privacy laws and statutes of the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia. Accordingly, we agree that the provisions of such laws and regulations are incorporated by reference into this Irrevocable Offer. ".

k) All but the first sentence of Paragraph 33(b) is deleted in its entirety.l) The last sentence of Paragraph 34(b) is deleted in its entirety.

m) The first and second sentences of Paragraph 44(a) are revised to refer to the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia.

n) Paragraph 48(b) is deleted in its entirety without replacement, leaving such subparagraph as intentionally omitted. The parties further acknowledge that the final three subparagraphs of Paragraph 48 are misnumbered because subparagraph (g) was inadvertently omitted in the IO.

o) Paragraph 51(e) is deleted in its entirety without replacement, leaving such subparagraph as intentionally omitted.

p) Paragraph 55 is revised to refer to the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia.

q) Paragraph 56(e) is deleted in its entirety and replaced with the following: "The subcontractor shall comply with all laws of the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia and any laws applicable to subcontractors selected by us with respect to this Irrevocable Offer.".

r) The last sentence of Paragraph 59(c) is deleted in its entirety and replaced with the following: "Notwithstanding the foregoing, nothing in this Paragraph 59(c) shall be deemed to prohibit your Agency or any of the Participating Agencies from implementing its and their respective procurement processes with respect to the installation of such equipment and software so long as such equipment will not be utilized in revenue collection service during the term of this Irrevocable Offer.".

s) Paragraph 63(b) is revised to refer to the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia.

t) Paragraph 66 is revised to refer to the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia.

u) Paragraph 68 is revised to refer to the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia.

v) Paragraph 70 is revised to refer throughout to the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia.

w) Paragraph 75(b) is revised to refer to the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia.

x) Paragraph 76(d) is revised to refer to the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia.

y) Paragraph 78(a) is revised to refer to the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia.

z) Paragraph 80 is revised to refer to the states of Illinois, Indiana, Delaware, Maine, New Hampshire, New Jersey, New York, Maryland and West Virginia and the Commonwealths of Massachusetts, Pennsylvania and Virginia.

11. **Defined Terms.** Capitalized terms used in this Agreement that are not otherwise defined herein shall have the meanings assigned to such terms in the Amended IO.

12. **Conflicting Provisions.** Except as amended or supplemented herein, all terms and conditions of the Amended IO remain in full force and effect. In furtherance but without limitation of the foregoing, the following terms of the Amended IO are hereby expressly reaffirmed: Mark IV's guarantee of production capacity of 2.5 million transponders annually; Mark IV's agreement to maintain components for a minimum of 50,000 transponders in inventory at any given time; Mark IV's obligation to comply with all applicable federal and Members' states' laws and regulations; Mark IV's obligation to exercise best efforts to respond to and support the IAG and Members in response to any FCC regulatory matters in the frequency band in which Mark IV's system operates; Mark IV's retention of all Intellectual Property rights in products sold or offered for sale by Mark IV; and the acknowledgement that Mark IV offers no warranty of any kind whatsoever with regard to any equipment not supplied by Mark IV nor does it make any representation regarding the use of Mark IV equipment in any manner other than in a Mark IV system. It is understood and agreed that the fact that any term of the Amended IO is not in the preceding sentence shall in no way be construed to diminish the full force and effect of any such provision expect to the extent amended under this Agreement. To the extent that any provisions in this Agreement conflict with, duplicate or contradict any portion of the Amended IO, the provisions in this Agreement shall control.

Mark IV's Certificates of Resolution are provided herewith. Please provide your entity's written acceptance of this Agreement by signing below.

Very truly yours,

T.M. Capper

On behalf of Mark IV Industries, Limited and
Mark IV IVHS, Inc.

Accepted for and on behalf of The Port Authority of New York & New Jersey

By: Andrea Roitman
Signature

Andrea Roitman
Print Name

Director, Procurement Dept.
Title

8-17-07
Date

SCHEDULE A

Mark IV Equipment Pricing

Three Year Term

Prices in Effect

Year 1	8/17/2007 through 8/16/2008
Year 2	8/17/2008 through 8/16/2009
Year 3	8/17/2009 through 8/16/2010
Optional Year 4	8/17/2010 through 8/16/2011

All prices expressed in US Dollars, FOB customer's designated location and include insurance and the cost of delivery to customer's premises.
All taxes are not included.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE
IAG Basic Reader (8 lane redundant)	800680-TAB 800740-TAB	$13,805.87
IAG Non-Redundant Reader	800745-TAB	$6,937.62
IAG Overhead Lane Kit (per lane)	801692-TAB	$2,370.36
IAG FPT Interior Transponder	801350-TAB	$20.95
IAG FPT Exterior Transponder	801453-TAB	$33.04
IAG LPT Exterior Transponder	800308-TAB	$33.04
IAG RMT Exterior Transponder	801452-TAB	$33.04
IAG Portable reader	800274-001	$5,550.10
FUSION® CVO, Interior Transponder (CVO style: IAG, Wide Area TDMA, LED's, Buzzer)	801142-TAB	$39.68
IAG Portable Programmer	800850-TAB	$5,550.10
IAG NEMA 4X Field Cabinet	800127-TAB	$1,156.27

All prices are expressed in US Dollars, FOB customer's designated location and include insurance and the cost of delivery to customer's premises. All taxes are not included.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE
IAG RF Module	801531-001	$2,052.66
RF Rack	800120-001	$925.01
Power Supply	800110-001	$1,700.26
CPU Board	800040-001	$1,353.39
RF Control Board	800050-001	$1029.07
Serial Board	800060-TAB	$797.82
Memory Board (1 Mb)	800070-001	$1,468.46
FSM Set	800010-001 800020-001	$1,626.48

Pricing for Maintenance and Technical Support. All prices are expressed in US Dollars, FOB customer's designated location and include insurance and the cost of delivery to customer's premises. All taxes are not included.

SERVICE LEVEL	RESPOND AND FIX IN:	ANNUAL PRICE PER PLAZA
Level A: 24 hours, 7 day coverage Based on 1 site 1 reader	4 hours	$4,268.28
	8 hours	$4,268.28
	12 hours	$3,617.47
Additional annual charge for each additional reader at a given toll plaza		$1,156.27

Level B: 16 hours, 7 day coverage (5:00 am to 9:00 pm) Based on 1 site 1 reader	4 hours	$3,360.89
	8 hours	$3,360.89
	12 hours	$2,857.65
Additional annual charge for each additional reader at a given toll plaza		$1,156.27

Installation services described in Irrevocable Offer, Attachment F – Revision 4/22/98, are offered at a unit price of $550.61 per lane.

All prices are expressed in US Dollars, FOB customer's designated location and include insurance and the cost of delivery to customer's premises. All taxes are not included.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE
FUSION™ Redundant Reader (Firmware TBD)	TBD	$16,567.70
FUSION™ Non-Redundant Reader (Firmware TBD)	TBD	$8,556.40
FUSION™ Lane Kit (Wide Area TDMA)	TBD	$2,844.42
BADGER Style Redundant Reader	800740-TAB	$13,805.87
BADGER Style Non- Redundant Reader	800750-TAB	$6,937.62

All prices are expressed in US Dollars, FOB customer's designated location and include insurance and the cost of delivery to customer's premises. All taxes are not included.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE
Addition of one Patch Antenna to an existing Lane Kit (Price does not include any required union labor, civil work or performance testing.)	TBD	$1,387.53
Addition of "M" to FPT transponder at the time FPT is originally manufactured.	TBD	$0.82
Addition of "E" to FPT transponder at the time FPT is originally manufactured.	TBD	$0.82

SCHEDULE B

Mark IV Equipment Pricing

Standard Pricing- Standard Terms and Conditions of Sale

Prices in Effect

Year 1	8/17/2007 through 8/16/2008
Year 2	8/17/2008 through 8/16/2009
Year 3	8/17/2009 through 8/16/2010
Optional Year 4	8/17/2010 through 8/16/2011

All prices expressed in US Dollars, FOB customer's designated location and include insurance and the cost of delivery to customer's premises.
All taxes are not included.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE
IAG Basic Reader (8 lane redundant)	800680-TAB 800740-TAB	$13,805.87
IAG Non-Redundant Reader	800745-TAB	$6,937.62
IAG Overhead Lane Kit (per lane)	801692-TAB	$2,370.36
IAG FPT Interior Transponder	801350-TAB	$25.55
IAG FPT Exterior Transponder	801453-TAB	$33.04
IAG LPT Exterior Transponder	800308-TAB	$33.04
IAG RMT Exterior Transponder	801452-TAB	$33.04
IAG Portable reader	800274-001	$5,550.10
FUSION® CVO, Interior Transponder (CVO style: IAG, Wide Area TDMA, LED's, Buzzer)	801142-TAB	$39.68
IAG Portable Programmer	800850-TAB	$5,550.10
IAG NEMA 4X Field Cabinet	800127-TAB	$1,156.27

All prices are expressed in US Dollars, FOB customer's designated location and include insurance and the cost of delivery to customer's premises. All taxes are not included.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE
IAG RF Module	801531-001	$2,052.66
RF Rack	800120-001	$925.01
Power Supply	800110-001	$1,700.26
CPU Board	800040-001	$1,353.39
RF Control Board	800050-001	$1029.07
Serial Board	800060-TAB	$797.82
Memory Board (1 Mb)	800070-001	$1,468.46
FSM Set	800010-001 800020-001	$1,626.48

Pricing for Maintenance and Technical Support. All prices are expressed in US Dollars, FOB customer's designated location and include insurance and the cost of delivery to customer's premises. All taxes are not included.

SERVICE LEVEL	RESPOND AND FIX IN:	ANNUAL PRICE PER PLAZA
Level A: 24 hours, 7 day coverage Based on 1 site 1 reader	4 hours	$4,268.28
	8 hours	$4,268.28
	12 hours	$3,617.47
Additional annual charge for each additional reader at a given toll plaza		$1,156.27

Level B: 16 hours, 7 day coverage (5:00 am to 9:00 pm) Based on 1 site 1 reader	4 hours	$3,360.89
	8 hours	$3,360.89
	12 hours	$2,857.65
Additional annual charge for each additional reader at a given toll plaza		$1,156.27

Installation services described in Irrevocable Offer, Attachment F – Revision 4/22/98, are offered at a unit price of $550.61 per lane.

All prices are expressed in US Dollars, FOB customer's designated location and include insurance and the cost of delivery to customer's premises. All taxes are not included.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE
FUSION™ Redundant Reader (Firmware TBD)	TBD	$16,567.70
FUSION™ Non-Redundant Reader (Firmware TBD)	TBD	$8,556.40
FUSION™ Lane Kit (Wide Area TDMA)	TBD	$2,844.42
BADGER Style Redundant Reader	800740-TAB	$13,805.87
BADGER Style Non- Redundant Reader	800750-TAB	$6,937.62

All prices are expressed in US Dollars, FOB customer's designated location and include insurance and the cost of delivery to customer's premises. All taxes are not included.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE
Addition of one Patch Antenna to an existing Lane Kit (Price does not include any required union labor, civil work or performance testing.)	TBD	$1,387.53
Addition of "M" to FPT transponder at the time FPT is originally manufactured.	TBD	$0.82
Addition of "E" to FPT transponder at the time FPT is originally manufactured.	TBD	$0.82

SECTION II
IRREVOCABLE OFFER
(TERMS AND CONDITIONS)

October xx, 2000

Mr. xxxxxxx
Executive Director
xxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxx

Re: Irrevocable Offer for the Acquisition of Electronic Toll Collection Equipment and other Attendant Services.

Dear Mr.xxxxxxxxxxxx

Mark IV IVHS, Inc., a Delaware corporation with offices located at 212 Durham Avenue, Metuchen, New Jersey 08840, hereby offers (1) to make available to you for purchase, the equipment and spare parts set forth in Attachment A (hereinafter referred to as the "Equipment"); (2) to license to you the software described in Attachment A (hereinafter referred to as the "Software"); (3) to perform optional maintenance, technical support, installation services and other attendant services; and (4) through our on-going research and development activities, we may develop and have available for sale and licensing new equipment (hereinafter the "New Equipment") and new software (hereinafter the "New Software") which in your sole discretion you determine to be appropriate for use in improving the traffic management capabilities of governmental agencies and authorities and for performing other vehicle monitoring functions which would complement and be fully compatible with the electronic toll collection equipment which is the focus of our Irrevocable Offer (such New Equipment, New Software and related technology being hereinafter referred to as the "New Technology"). The terms governing the acquisition of New Equipment and/or New Software are set forth in Attachment G. We agree that, following your acceptance of this offer in accordance with your procedures, your Agency shall be the direct beneficiary of this agreement and shall have a direct right of action against us in the event of a material breach or default by us of this offer.

We hereby further agree that, following your acceptance of this offer in accordance with your procedures, we shall make an irrevocable offer, containing the same terms and conditions as contained in this offer, to each of the following agencies: the Port Authority of New York and New Jersey, the New Jersey Turnpike Authority, the New York State Thruway Authority the New Jersey Highway Authority, the Triborough Bridge and Tunnel Authority, the Pennsylvania Turnpike Commission and the New Jersey Expressway Authority, your agency and such other agencies which accept our company's offer being hereinafter collectively referred to as the "Participating Agencies".

We hereby further agree that following your acceptance of this offer in accordance with your procedures, we shall make an irrevocable offer, containing the same terms and conditions (with the exception of Attachment H) as contained in this offer, to any other regional transportation agency or other agencies or authorities which your Agency may designate to us in writing provided that we receive the written consent to such designations by each of the Participating Agencies that have accepted our offer and we, jointly determine that the Equipment and Software which are the subject of this offer can be installed in and will operate in good working order within the Frequency ranges specified in the technical specifications contained in Attachment "B"" (hereinafter referred to as the "Technical Specifications") at the locations designated to us in writing

by the agency or agencies you have designated. In the event any offer made by us to any regional transportation agency or other agencies or authorities designated to us by you accept such offer, those agencies that accept such offer shall be deemed to be Participating Agencies and shall be entitled to all the rights and privileges provided to Participating Agencies hereunder.

Notwithstanding anything to the contrary contained in this offer, the period during which the prices (including any applicable price increases) contained in Attachment A shall be available to your Agency and each other Participating Agency shall begin on the first date that we receive the first order for Equipment from the first of the Participating Agencies to place an order for Equipment pursuant to the terms of this offer. Accordingly, the prices payable in connection with the purchase of any Equipment, technical support and/or maintenance services shall, at all times during the period this offer is in effect, be the same for each of the Participating Agencies, notwithstanding the fact that the time each Participating Agency places its first order for Equipment hereunder is expected to be different than the time at which each of the other Participating Agencies places its first order for Equipment hereunder.

Our offer to sell the Equipment and spare parts, to license the Software, New Technology and to provide the warranty, technical support and maintenance services provided for herein shall be irrevocable (hereinafter referred to as our "Irrevocable Offer") for a period of five (5) years from the date in the preceding paragraph.

1. NATURE OF AGREEMENT

a) We represent that the Equipment and Software listed in Attachment A shall conform to the specific requirements of the technical specifications contained in Attachment "B" and the representations made in our proposal dated March 31, 1992 as amended (hereinafter referred to as the "Proposal") and that such Equipment, if purchased by any of the Participating Agencies, shall be fully compatible with the Equipment purchased by your Agency as described in the Technical Specifications. In the event that an item in either the Technical Specifications, these terms and conditions (including Attachment H - or our Proposal directly conflicts with another, the order of precedence shall be the Technical Specifications, these terms and conditions and our Proposal dated March 31, 1992 as amended.

b) Our Irrevocable Offer is designed to induce your Agency to commit itself to purchase and if purchased, subsequently install the Equipment and spare parts listed in Attachment A, to license the Software described in Attachment A and to obtain the technical support and maintenance services described in Attachment A in the event your Agency has a requirement to procure such items for the purposes outlined in the Technical Specifications. The preceding sentence solely applies to the items of Equipment, Software, spare parts technical support and maintenance services set forth in Attachment A. Notwithstanding the foregoing, nothing herein shall be

deemed to require your Agency or any of the Participating Agencies to purchase the "enhanced" reader or any spare parts described in Attachment A or to procure the technical support and maintenance services described in Attachment A from our company or any of our duly licensed manufacturers or subcontractors. During the term hereof, your Agency may purchase our new or enhanced products at a mutually agreed upon price.

c) We agree that, within one (1) year from the date this Irrevocable Offer is accepted by your Agency, and at all times thereafter during the term this Irrevocable Offer is in effect (including any renewal terms) we shall license to at least one other qualified manufacturer selected by us, the right to manufacture the Equipment set forth in Attachment A. At all times during the term that this irrevocable offer is in effect (including any and all renewal terms) we shall use our best efforts to license two (2) qualified manufacturers selected by us, the right to manufacture the Equipment set forth in Attachment A. The licensing agreement providing the right to manufacture the Equipment shall contain reasonable terms to be approved by your Agency and the Participating Agencies, which approval will not be unreasonably withheld or delayed. At a minimum, such license agreement will grant such third party manufacturers the right to manufacture and sell the Equipment and spare parts set forth in Attachment A to your Agency and the Participating Agencies solely for the purposes specified in the Technical Specifications and our Proposal and the right to provide the technical support and maintenance services set forth in Attachment A to your Agency and the Participating Agencies solely for the purposes specified in the Technical Specifications and our Proposal during any of the terms hereof. Subject to the provisions of Paragraph 60 hereof, failure on our part to maintain one (1) such manufacturing licensing arrangement during the term hereof, and any option term exercised by your Agency, may be deemed a material breach of our obligations pursuant to this Irrevocable Offer.

d) With the exception of research and development efforts and previously existing operational systems; a Read-Write Swipe Card System which is defined as a card in the same form as a credit card, which uses magnetic media for data storage and cannot be read or written to at a range greater than one inch (Metro Card) which may be implemented by the Triborough Bridge and Tunnel Authority to collect toll revenues; and any system implemented by the New York State Thruway Authority or its subsidiary corporations to collect toll revenues that arise from the the public's use of its canal systems; your Agency and the Participating Agencies shall not at any time during the term that this Irrevocable Offer is in effect, except the last three (3) months of such term, purchase from any person, firm, corporation or other entity except us or our duly licensed manufacturers, any equipment, spare parts or software (except as otherwise permitted by Paragraph 19 hereof) for use in connection with the purposes described in the Technical Specifications; provided that, your Agency and the Participating Agencies may implement its and their respective procurement processes with respect to such equipment, spare parts or software, during the final eighteen (18) month period that this Irrevocable Offer is in effect so long as your Agency and the Participating Agencies do not actually install any such equipment, spare parts or software (except as otherwise permitted by Paragraph 19 hereof) during such eighteen (18)

month period; and provided further that nothing herein shall be deemed to prohibit your Agency and the Participating Agencies from purchasing from third parties other than us or our duly licensed manufacturers, enhanced products not described in the Technical Specifications for use in electronic toll collection activities or other equipment and/or technology relating to electronic toll collection activities provided that such other equipment and/or technology relating to electronic toll collection activities is purchased for evaluation and examination purposes only. In addition to the foregoing we agree not to sell to our other customers in North America, Readers (whether Basic or Enhanced) that have the ability to write information to Tags that have been purchased by your Agency and/or the Participating Agencies, unless your Agency and the Participating Agencies have approved our sale of such Readers to such customers."

e) Federal Funding Assistance

We understand that certain Participating Agencies are likely to receive federal funding assistance to support implementation of their electronic toll and traffic management systems and the implementation of this Irrevocable Offer. We understand also that these Agencies, and others within the E-Z Pass Group, may apply for and receive, additional federal funding assistance in the future. We understand, accept, and agree to comply with and to assure that our subcontractors comply with, the terms of applicable federal laws, regulations, requirements, and grant agreements and sub-grant agreement, even if such laws, regulations, requirements and agreements are executed after acceptance of this Irrevocable Offer, including those terms that (1) grant rights and power to the federal government; (2) impose on the federally assisted Agencies duties, obligations and responsibilities and (3) impose, directly and indirectly, duties, obligations and responsibilities on us and our subcontractors.

To the extent that such federal laws, regulations, requirements, grant agreements, or subgrant agreements do not merely supplement but unavoidably conflict with this Irrevocable Offer, the former shall control.

After any applicable grant agreement and subgrant agreement is executed, even if after acceptance of this Irrevocable Offer by the affected agency, such agreements shall be appended to the Irrevocable Offer accepted by the affected Agency, along with any notices or additional provisions required by applicable federal law, regulations, requirements, grant agreements or subgrant agreements.

We shall cooperate with any Participating Agency in its application, receipt and use of federal funding assistance related to the implementation of this Irrevocable Offer.

2. ESCROW AGREEMENT

(a) Within one hundred twenty (120) days of the date of our selection as a supplier under the RFT, the Participating Agencies an escrow agent and ourselves shall enter into an escrow agreement as set forth in Attachment C. Pursuant to the terms of such escrow agreement, we will deposit

without charge to your Agency all information necessary to manufacture and maintain the Equipment and use the licensed Software. All such information will be deposited with the following escrow agent: Data Securities International Inc. at San Diego, California. Information shall include but not be limited to: the manufacturing drawings, data and specifications of the Equipment and spare parts and of their tools, dies and fixtures, including artwork necessary to fabricate circuit boards, license(s) to all applicable patents and copyrights, if any, source code on industry standard media and source code listings in human readable form of all necessary software including logic equations for Programmable Array Logic integrated circuits (as well as the compiler or assembler and associated software tools for said source code), all design documents, specifications, flow charts, data flow diagrams and other materials or documents which explain the performance, function or operation of individual programs and the interaction of programs within the system to the extent such documentation exists, all control files and scripts used to compile link, load and/or make the applications and systems, test scripts, test plans and test data to the extent such documentation exists, all drawings from top-level equipment outline, interface and mounting, through assembly, sub-assembly, and fabricated piece parts drawings necessary to manufacture the equipment; all necessary schematics and wiring diagrams and cable harness drawings; all necessary installation, configuration, and layout drawings; all necessary block diagrams and family tree; all necessary assembly instructions and drawings; all necessary test specifications for top-level equipment and for all assemblies on down to the lowest testable level of assembly; all necessary test procedures for all necessary tests; all necessary maintenance manuals and procedures; all necessary operators manuals; all flowcharts relevant to the manufacture, assembly, programming, and operation of the Equipment; parts lists containing sufficient information to procure all parts and material required to manufacture the Equipment from its primary source, except software products available commercially, documentation for the source code if not provided otherwise, any other information and documents necessary to manufacture and maintain the Equipment, Licensed Software and spare parts offered herein. In the event we revise or supplement any of the information deposited or create additional information, we will deposit a complete set of such revised, supplemented or additional information with the above named escrow agent within thirty (30) days and we shall indicate with each deposit which documents and which pages have been revised, supplemented or added since the last deposit. In the event we update and/or modify the technical specifications, drawings, source code, object code or any other associated documentation, a complete set of such revised documentation will be deposited with the above named escrow agent and we shall indicate with each deposit which pages have been changed since the last deposit. We shall be responsible for payment of all costs arising in connection with the maintenance of the escrow referred to in this Paragraph 2 for a period of five (5) years from the date this Irrevocable Offer is first accepted by the first of the Participating Agencies to accept this Irrevocable Offer. Your Agency and the Participating Agencies shall be responsible for all costs arising in connection with the maintenance of the escrow referred to in this Paragraph 2 for all periods of time beginning at the end of the five (5) year period which begins on the date this Irrevocable Offer is first accepted by the first of the Participating Agencies to accept this Irrevocable Offer. Notwithstanding anything to the contrary contained herein, in no event

shall the escrow provided for by this Paragraph 2 extend for a period of more than fifteen (15) years from the date this Irrevocable Offer is first accepted by the first of the Participating Agencies to accept this Irrevocable Offer.

In the event your Agency accepts and subsequently terminates this Irrevocable Offer by reason of the occurrence of any of the Events of Default described in Paragraphs 59(a) (i) (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) (x), or (xi) your Agency may, subject to the terms of the escrow agreement, remove all such information/documentation from escrow and your Agency, at its discretion, shall retain an irrevocable license to use such information/documentation in procuring the services of a manufacturer to manufacture such Equipment and maintain the licensed Software.

(b) We will continue to update all such Documentation as stated in subparagraph (a) above and in accordance with the terms of the escrow agreement.

3. EQUIPMENT

The Equipment as set forth in Attachment A purchased by your Agency hereunder shall be new and unused and shall comply with the Technical Specifications, our performance specifications and the representations made in our technical proposal dated March 31, 1992 as amended.

4. IMBEDDED SOFTWARE

We acknowledge that certain Operating System Software and Application System Software (as defined in Attachment D) may be incorporated as components of the Equipment (the "Imbedded Software") and we will furnish, along with such Imbedded Software, the Documentation, (as defined in Paragraph 17 hereof) under a perpetual, non-exclusive, irrevocable license for use in the Equipment in which the Imbedded Software is first installed. Except as provided by Paragraph 19 hereof, pursuant to the terms of such license, your Agency shall be permitted to use such Imbedded Software only in connection with the operation of the specific item of Equipment in which the Imbedded Software is a component and your Agency's right to copy such Imbedded Software and its related documentation and specifications shall be limited to copying for backup and/or archive purposes only.

5. TAGS

a) We shall furnish, encode and safeguard transponders (hereinafter referred to as "Tags") as more fully described in the Technical Specifications.

b) We shall keep track of and safeguard all materials utilized in the production of the Tags. Such materials shall be kept in a secure location to avoid unauthorized access. We shall account for all Tags during production, packaging, delivery and testing and shall furnish to the Agency a record, certified by an officer of our company, of the Tags produced and encoded.

c) Scrap and rejected Tags shall be disposed of in a manner which shall prevent such Tags from being used for the purposes contemplated by the Technical Specifications.

d) We will not furnish Tags to any customer located in North America utilizing identical or similar identification codes that are employed by your Agency and/or the Participating Agencies unless authorized by all of the Participating Agencies.

6. ENVIRONMENTAL CONDITIONS

We hereby represent and warrant that we are aware of the conditions and environmental tolerances within which the Equipment will operate, and that all Equipment provided hereunder shall be designed to operate reliably in a toll collection environment in the states of Delaware, New York and New Jersey and in the Commonwealth of Pennsylvania and that the Equipment and components thereof shall be housed in enclosures to protect against moisture, corrosion and other potentially damaging contaminants. Accordingly, the Equipment shall include, and we shall provide, all environmental control equipment and components necessary to ensure reliable operation of the Equipment except for normal wear and tear (but not design defects referred to in Paragraph 44) and defects in materials and equipment which are covered by the warranties contained in Paragraph 45. Without limiting the generality of the foregoing, all Equipment furnished hereunder shall be capable of operating reliably when exposed to any one or more of the environmental conditions set forth in the Technical Specifications.

7. NON-CONTRACTOR EQUIPMENT

Your Agency shall have the right at any time to attach to or interface with the Equipment, devices which have not been provided by us; provided that, at least 15 days prior to attaching the Equipment to or interfacing the Equipment with such device you shall give us written notice of your Agency's intent to make such attachment or interface which notice shall specify with reasonable particularity the type and nature of the device which is to be attached to or interfaced with the Equipment the manner in which such attachment or interface is to be performed and the proposed date on which such attachment or interface is to be made. Following your delivery of such notice to us, we shall give your Agency reasonable advance written notice of the time and date on which our Company intends to review your Agency's proposed attachment or interface however, we agree to conduct such inspection on your premises during your Agency's normal business hours. Thereafter, your Agency shall provide us reasonable access to the Equipment and the device to which the Equipment is to be attached for the purpose of assessing your proposed manner of attachment or interface and for the purpose of determining the effect, if any, which such attachment or interface will have on the performance of the Equipment as required by the Technical Specifications. In addition you shall provide us the right, at our cost and expense, to supervise the attachment or interface of such device to the Equipment and/or the attachment or interface of the Equipment to such device.

Within seven (7) days following our receipt of your notice concerning your intent to attach to the Equipment or interface with the Equipment any device which has not been provided by us we shall provide your Agency in writing, our good faith assessment of the impact which such attachment or interface will have on the performance of the Equipment as contemplated by the Technical Specifications together with a statement of our approval or disapproval of such attachment and, in the event we approve of such

attachment, a statement of whether or not we will require the right to supervise such attachment.

In the event we fail to provide your Agency such written good faith assessment within the seven (7) day period set forth above, we shall be deemed to have approved your Agency's proposed attachment or interface as described in your written notice to our Company. We shall not disapprove of the attachment or interface unless, we determine that the Equipment will not perform in the manner contemplated by the Technical Specifications after the attachment or interface has been made. If your Agency makes the attachment or interface after we disapprove of the attachment or interface or if we approve of the attachment or interface but require the right to supervise the attachment or interface and your Agency makes such attachment without our supervision, we shall have no further liability or responsibility with respect to the warranties, if any, in effect with respect to the Equipment in which such device is installed or to which such device is attached or interfaced except with respect to that part of the Equipment that, in our written assessment of your Agency's proposed attachment or interface, we have identified as not being adversely affected by your agency's proposed attachment or interface. In the event that we approve, without conditions, your Agency's proposal to attach the Equipment to or interface the Equipment with a device which has not been provided by us or in the event we fail to provide your Agency our written assessment of your Agency's proposal within the seven (7) day period described above, our warranties with respect to such Equipment shall continue in effect for the applicable period of time provided for in Paragraphs 45 and 46 hereof. In addition, in the event we have approved a proposal by your Agency to attach the Equipment to or interface the Equipment with a device which has not been provided by us, your Agency shall have no further obligation to give us advance written notice of and we shall be deemed to have approved of any proposal by your Agency to attach to the Equipment or interface with the Equipment, a device which is identical to the device for which our approval has previously been obtained; provided that the manner in which your Agency proposes to attach the Equipment to or interface the Equipment with such device is identical to the manner of such attachment or interface which we have previously approved.

Notwithstanding the foregoing, in no event shall the warranties provided for in this Irrevocable Offer extend to any device which has not been provided by us.

8. ORDERS OF EQUIPMENT / SOFTWARE / TECHNICAL SUPPORT / MAINTENANCE SERVICES/INSTALLATION SERVICES

a) We understand and agree that your Agency may never purchase anything pursuant to this agreement resulting from acceptance of this Irrevocable Offer. However, if you do so elect to acquire Equipment and/or Software and/or spare parts and/or technical support and/or maintenance services and/or installation services and/or New Equipment and/or New Software, via this Irrevocable Offer, your Agency shall notify us or our licensees in writing (an "Equipment Order") and specify the following:

(i) The designated delivery location and scheduled date for receipt of Equipment and/or Software ("Scheduled Delivery Date") which scheduled delivery date shall be determined in accordance with the provisions of Paragraph 9 hereof; and

(ii) The make model number, description, quantity and price of such items of Equipment (which includes the license fee)

(iii) The purchase order number assigned to the Equipment Order and the total value of such order; and

(iv) In the event the Equipment Order is for technical support services and/or maintenance services then your Agency shall specify the following: (A) the location of the Equipment, (B) the model number, description and quantity of Equipment and/or Software to be covered under either technical support and, if requested, maintenance services, (C) the prices for such items of Equipment which price is set forth in Attachment A, as such prices, may be changed pursuant to the provisions of this Irrevocable Offer, and (D) the purchase order number and the total value of such order.

(v) In the event the Equipment Order is for installation services, then you shall specify the following: a) the location where the installation services will be performed b) the timeframe for completion of installation services c) the total number of lanes where installation of our Equipment and/or Licensed Software is required d) the hours during which such installation work may be performed e) the criteria for acceptance of our installation services f) any other technical information you feel is needed to assist us in furnishing you with a quotation for providing such services. The requirements for all requested installation services are supplemented by the requirements attached hereto entitled Attachment F. We understand and agree that you are not bound to order such installation services from us pursuant to a specific Equipment Order unless you have accepted our quotation, furnished us with a purchase order number and a notice to proceed with work.

No later than 5 days after our receipt of your Equipment Order for installation services we will furnish to you our estimate for the completion of the required installation services, however in no event will the cost of such installation services exceed $500 per lane. Our estimate shall identify the total number of man-hours, hourly rate, overhead rate, out of pocket expenses and profit for the specific work.

We also understand and agree that any delays experienced as a result of performing installation services shall not serve to compromise your right to assess liquidated damages due to our failure to pass System Integration Testing, unless such delay is attributable to an excusable delay as defined in paragraph 26. Notwithstanding subparagraph (iv) hereof, you may incorporate additional terms with respect to any Equipment Order for installation services and such terms shall solely apply to the performance of the specific installation work agreed to between the parties.

Such Equipment Order shall be executed by a duly authorized individual of your Agency. No Equipment Order shall be binding upon us or your Agency unless such order conforms to all the conditions contained herein. For purposes of establishing an order date, such date shall be the date your Agency issues the Equipment Order.

b) We shall, within forty-eight (48) hours from the date we receive a copy of your Equipment Order by telecopy or telefax transmission, either accept or reject the Equipment Order. If we reject an Equipment Order, we shall within such forty-eight (48) hours period detail the reasons for such rejection. We may reject an Equipment Order only if the Equipment Order does not satisfy the conditions set forth in (a) above.

c) Your Agency may assign a third party to purchase Equipment and license the Software for use by your Agency. Such assignment shall be made in writing and signed by a duly authorized officer of your Agency. Such assignments shall not affect our obligations and we will adhere to the conditions defined herein with respect to such third party. In addition, such assignment shall not affect your Agency's obligation to pay for the Equipment and Software as described in the Equipment Order.

9. MINIMUM INVENTORY LEVELS, DELIVERY

a) The requirements set forth below will begin no later than 16 weeks from acceptance of this Irrevocable Offer by the first Agency. Thereafter, our delivery obligations to each Participating Agency will begin no later than 16 weeks from its acceptance of this Irrevocable Offer. Notwithstanding the foregoing, such initial delivery timeframes shall include the thirty (30) day delivery requirements set forth below.

Beginning on the date that we receive the first order for Equipment from the first of the Participating Agencies to place an Equipment Order, we shall manufacture the number of Tags for interior vehicle use (hereinafter referred to as "Interior Tags") necessary to deliver the quantity of interior tags specified in the first Equipment Order of the first of the Participating Agencies to place an Equipment Order plus an additional fifty thousand (50,000) Interior Tags to be held in our inventory and dedicated for use by your Agency and the Participating Agencies. In addition, we agree to maintain in inventory a total of eight (8) Readers (to include Enhanced and Basic Readers) dedicated for use by your Agency and the Participating Agencies. Your Agency and the Participating Agencies will inform us quarterly of the number of Enhanced Readers versus Basic Readers to be maintained in such inventory. Thereafter, if we receive any subsequent Equipment Orders for Interior Tags from your Agency and any of the Participating Agencies, we shall manufacture the number of Interior Tags necessary to deliver to the Participating Agency that has placed such subsequent Equipment Order, the number of Interior Tags specified in such subsequent Equipment Order plus an additional number of Interior Tags (to be held in our inventory and dedicated for use by your Agency and the Participating Agencies) equal to one half (1/2) of the number of Interior Tags specified in such subsequent Equipment Order. Accordingly, upon completion of our manufacture and delivery of the number of Interior Tags specified in the subsequent Equipment Order and the additional number of Interior Tags referred to in the preceding sentence, we shall have an inventory of Interior Tags dedicated for use by your Agency and the Participating Agencies of 50,000 plus one-half (1/2) the number of Interior Tags specified in the subsequent Equipment Orders. We shall repeat this manufacturing process for each subsequent Equipment Order we receive from your Agency and any of the Participating Agencies with the effect that, with each subsequent

Equipment Order we receive, the number of Interior Tags contained in our inventory of Interior Tags dedicated for use by your Agency and the Participating Agencies will increase by one-half (1/2) the number of Interior Tags specified in such subsequent Equipment Order.

We agree that the additional fifty thousand (50,000) Interior Tags which we manufacture upon our receipt of the first Equipment Order from the first of the Participating Agencies to place an Equipment Order shall, at all times that this Irrevocable Offer is in effect, be the minimum number of Interior Tags which we shall maintain in our inventory and dedicate for use by your Agency and the Participating Agencies. Thereafter, this minimum number of Interior Tags which we agree to maintain in our inventory and dedicate for use by your Agency and the Participating Agencies shall increase by one-half (1/2) the number of Interior Tags specified in each subsequent Equipment Order we receive from your Agency or any of the Participating Agencies. Notwithstanding the foregoing, in no event shall we, at any time this Irrevocable Offer is in effect, be required to maintain an inventory of more than one hundred thousand (100,000) Interior Tags dedicated for use by your Agency and the Participating Agencies.

We agree that, with the exception of the Interior Tags specified in the first Equipment Order we receive from the first of the Participating Agencies to place an Equipment Order, we shall fill all orders for Interior Tags contained in any subsequent Equipment Orders we may receive from the quantity of Interior Tags which we have agreed to maintain in our inventory and dedicate for use by your Agency and the Participating Agencies to the extent that the minimum number of such Interior Tags which we have agreed to maintain in our inventory and dedicate for use by your Agency and the Participating Agencies is sufficient to deliver the number of Interior Tags specified in any subsequent Equipment Orders. Your Agency agrees that, in order to provide us an opportunity to replenish our inventory of Interior Tags as quickly as possible following our receipt of an Equipment Order for Interior Tags, your Agency shall not (except in cases of a request for expedited delivery provided for hereafter) establish a Scheduled Delivery Date for Interior Tags which is less than thirty (30) days from the date of our receipt of your Agency's Equipment Order.

We shall give your Agency and each of the Participating Agencies with whom we have outstanding Equipment Orders written notice in the event that we receive an Equipment Order for Interior Tags from your Agency which requests delivery of a quantity of Interior Tags which exceeds the minimum number of Interior Tags which we have agreed to maintain in our inventory and dedicate for use by your Agency and the Participating Agencies, or in the event that we receive an Equipment Order from your Agency and any other Participating Agencies which provide for the delivery, within the thirty (30) day period beginning on the Scheduled Delivery Date contained in your Agency's Equipment Order, of a quantity of Interior Tags which exceeds the minimum number of Interior Tags which we have agreed to maintain in our Inventory and dedicate for use by your Agency and the Participating Agencies, within forty-eight (48) hours from our receipt of your Agency's Equipment Order or our receipt of any such Equipment Order. As soon as practicable thereafter, your Agency

and each of the Participating Agencies to whom we have delivered the written notice referred to in the preceding sentence shall meet with us and attempt to allocate among your Agency and each of the Participating Agencies to whom we have given such written notice, a priority for the delivery of Interior Tags among your Agency and the Participating Agencies to whom we have given such notice.

In the event the conditions described in the preceding paragraph occur, we shall use our best efforts to deliver to your Agency the number of Interior Tags specified in your Equipment Order within thirty (30) days from the Scheduled Delivery Date contained in your Agency's Equipment Order. In the event that the number of Interior Tags specified in your Agency's Equipment Order exceeds the minimum number of Interior Tags we have agreed to maintain in our inventory and dedicate for use by your Agency and the Participating Agencies we shall, in all cases, deliver to your Agency the quantity of Interior Tags specified in your Agency's Equipment Order within sixty (60) days from the Scheduled Delivery Date contained in your Agency's Equipment Order.

In order to allow us to more effectively manage our inventory of Interior Tags dedicated for use by your Agency and the Participating Agencies, your Agency agrees that beginning on the first business day of the second calendar month following the date your Agency places its first Equipment Order and on the first business day of each calendar month thereafter during the period this Irrevocable Offer is in effect, your Agency shall provide us a good faith non-binding written statement of the number of Interior Tags by color code which your Agency estimates will need to be delivered during the sixty (60) day period following such written statement. These good faith statements are not binding on your agency and shall not form the basis of any claim. We agree that, within thirty (30) days following our receipt of written notice from your Agency and each of the Participating Agencies, we shall meet with your Agency and each of the Participating Agencies and, in good faith, negotiate an adjustment to the minimum inventory levels described in this subparagraph (a) if your Agency and the Participating Agencies determine that the minimum inventory levels described in this subparagraph (a) are insufficient. Your Agency agrees that, within thirty (30) days following receipt by your Agency of written notice from us, your Agency shall meet with us and in good faith, negotiate a reduction in the minimum inventory levels described in this subparagraph (a) if we determine that such minimum inventory levels are excessive in relation to the number of Interior Tags we are required, from time-to-time, to provide to your Agency.

b) All Equipment and/or Software ordered pursuant to Paragraph 8 shall be delivered F.O.B. Destination. Your Agency shall accept or reject the Equipment and/or Software within ten (10) days of receipt unless otherwise provided elsewhere in this Irrevocable Offer.

c) If we fail to make delivery within the time specified in the applicable Equipment Order, or if the Equipment and/or Software delivered fails to conform to the requirements hereof in quality, number or otherwise or are found to be defective in material or workmanship, then your Agency may reject the delivered Equipment and/or Software or may accept any item of

Equipment and/or Software and reject the balance of the delivered Equipment and Software. Your Agency shall notify us of such rejection in writing and specify in such notice, the reasons for such rejection. We agree to deliver replacement Equipment and/or Software for such items of rejected Equipment and/or Software within fifteen (15) business days of our receipt of your Agency's rejection notice.

d) Your Agency may delay delivery of ordered Equipment, or any portion thereof, for up to sixty (60) days at no additional cost to your Agency, by giving written notice to us of your desire to delay delivery at least ten (10) days prior to the Scheduled Delivery Date set forth in the Equipment Order. In the event of such delay, your Agency will provide us with a new delivery date for such Equipment and/or Software or portion thereof as soon as reasonably possible, but in no event later than ten (10) days following our receipt of notice of your desire to delay delivery.

e) Except as otherwise provided in subparagraph 9(a) above, we shall deliver Equipment to your designated delivery location within two (2) business days from the Scheduled Delivery Date set forth in the Equipment Order. Notwithstanding the foregoing we agree to begin development work, in connection with account validation functionality and general interface requirements for the Enhanced Reader, as more fully described in the Technical Specifications, upon acceptance of the Irrevocable Offer by the first of the Participating Agencies or your Agency. However, in no event are we obligated to complete this work (account validation functionality and general interface requirements) in less than twelve (12) weeks from acceptance of the Irrevocable Offer by the first Participating Agency or your Agency. Upon issuance by your Agency of the first Equipment Order for Enhanced Readers, your Agency will furnish us with detailed interface requirements. No later than five (5) business days thereafter, we will advise you of the time frame associated with completion of our development, interface and customization work. Such work will be performed at no additional cost to your Agency. However, in no event will we be prepared for First Article Inspection Testing any later than fourteen (14) weeks from receipt of your Agency's detailed interface requirements or twenty six (26) weeks from acceptance of the Irrevocable Offer by the first Participating Agency. For Equipment Orders subsequently ordered by your Agency or any of the Participating Agencies we will deliver the first Enhanced Reader for First Article Testing ("FAIT") seven (7) weeks from receipt of your Agency's detailed interface requirements, within the scope of the Technical Specifications. Upon successful completion of System Integration Testing, as further defined in paragraph 31(b), we will deliver, for subsequent Equipment Orders for Enhanced Readers, within thirty (30) days from receipt of an Equipment Order.

In addition, we will begin work on the detailed and customization interface requirements for the Basic Reader, upon issuance by your Agency of the first Equipment Order for the Basic Reader. Along with the Equipment Order, your Agency will furnish us with detailed interface requirements. No later than five (5) business days thereafter, we will advise you of the time frame associated with completion of our interface and customization work. Such work will be performed at no additional

cost to your Agency. However, in no event will we be prepared for First Article Inspection Testing any later than fourteen the greater of (14) weeks from receipt of your Agency's detailed interface requirements or twenty six (26) weeks from acceptance of the Irrevocable Offer by the first Participating Agency. For Equipment Orders subsequently ordered by your Agency or any of the Participating Agencies we will deliver the first Enhanced Reader for First Article Testing ("FAIT") seven (7) weeks from receipt of your Agency's detailed interface requirements, within the scope of the Technical Specifications. Upon successful completion of System Integration Testing, as further defined in paragraph 31(b), we will deliver, for subsequent Equipment Orders for Basic Readers, within thirty (30) days from receipt of an Equipment Order.

f) If your Agency desires expedited delivery of Equipment we shall upon your Agency's written request, commence shipment of Equipment your Agency has requested delivery of on an expedited basis to the location specified in your written request within twenty-four (24) hours from the time we receive a telecopy or telefax of your written request for expedited delivery of Equipment. Any charges for special or expedited delivery of the Equipment on an expedited basis shall be borne by your Agency to the extent such charges exceed the amount of such charges for a similar quantity of Equipment pursuant to a regular Equipment Order. We shall exercise our best efforts to deliver Equipment per your delivery requirements.

10. PACKING, CRATING AND BOXING CHARGES

a) Except as provided in Paragraph 9(f) above, your Agency shall not bear the cost of any packing, crating, boxing, containers or other materials relative to the preparation for shipment or for delivery of Equipment and/or Software.

b) All such deliveries shall clearly identify your Agency's purchase order number.

11. REMOVAL OF REJECTED ITEMS OF EQUIPMENT

We shall remove from your Agency's designated delivery location at our own expense, and within fifteen (15) days from the date of delivery to us of notice of rejection by your Agency, any Equipment and/or Software rejected by your Agency as non-conforming, as an overshipment or due to late delivery.

12. RISK OF LOSS

a) We shall bear risk of loss for all Equipment and/or Software until delivered to and received at your Agency's delivery location. Title and ownership of the Equipment and the right to possess and use the Software shall pass to your Agency upon delivery; provided however that the Equipment and/or Software conforms to the requirements set forth in subparagraph 9(c) above. We shall execute and deliver a bill of sale for the delivered Equipment. We warrant that your Agency shall acquire good and clear title to the Equipment being purchased free and clear of all liens and shall acquire the right to possess and use the Software which is

licensed as provided in Paragraphs 14, 15 and 16, free and clear of all liens.

b) We shall bear risk of loss of Equipment and/or Software that is not removed from your Agency's designated delivery location after the fifteenth day of your Agency's issuance of a Notice of Rejection unless your Agency denies us reasonable access to the Equipment and/or Software in which case your Agency shall retain the risk of loss as to such Equipment and/or Software until reasonable access to such Equipment and/or Software is granted to us. We shall give your Agency reasonable advance notice of the approximate time and date that we will remove any rejected Equipment and/or Software from your Agency's designated delivery location; provided that, in no event shall the time that we arrive to remove any rejected Equipment and/or Software be other than during your Agency's normal business hours.

13. PAYMENT BY THE AGENCY

a) By issuance of an Equipment Order, your Agency represents and warrants that your Agency has sufficient funds available to it at the time of the issuance of each Equipment Order hereunder to pay us for all Equipment to be purchased, Software licenses to be granted and/or technical support and maintenance services to be provided or performed by us under such Equipment Order.

b) Payment for all Equipment, Software and/or technical support and maintenance services delivered under and not under dispute, the terms of this Irrevocable Offer shall be due and payable, in full thirty (30) days after the date of delivery to your Agency of our invoice provided that we comply with the applicable procedures for payment of such invoice referred to in the following sentences of this subparagraph 13(b). Immediately prior to your Agency's acceptance of this Irrevocable Offer, your Agency shall deliver to us a written statement containing a true, correct, complete and detailed listing of all your Agency's procedures required for payment of contractor invoices. If at any time thereafter any of the procedures of your Agency for payment of contractor invoices are modified, revised or otherwise amended, your Agency shall promptly provide us a written statement which contains a true, correct and complete list of any such revised, modified or amended procedures. In the event your Agency fails to make any payment for Equipment, Software and/or technical support and maintenance services provided under this Irrevocable Offer when due and we have complied with all your Agency's procedures necessary to receive timely payment, your Agency shall pay interest on the unpaid amount at an interest rate equal to the maximum rate of interest which your Agency, if required, by law, is required to pay on past due amounts.

c) In the event that any disputes arise with respect to payment of the amounts stated as due in any of our invoices delivered to your Agency, we agree that, prior to initiating any legal proceedings for the collection of any such amount, we shall exhaust all administrative remedies, including any available to us under your Agency's dispute resolution processes, practices and procedures.

14. LICENSED SOFTWARE

a) In the event your Agency licenses Software, we shall provide to your Agency the computer programs (the "Programs") in object code form with respect to operating system software and in source and object code form with respect to application system software together with any other Documentation (as defined in Paragraph 17 hereof. The Software licensed under this Irrevocable Offer (the "Licensed Software") shall consist of (i) Software identified in our Proposal, and (ii) the Imbedded Software provided for in our Proposal. Except as otherwise provided herein Licensed Software shall include all Imbedded Software licensed to your Agency by our subcontractors and suppliers performing work hereunder. The determination of whether software is operating system software or application software shall be made according to the principles set forth in Attachment D.

b) As of the date of this letter, we do not have or require any sublicenses or direct licenses of third party software in order to provide you the Equipment, the Software, the technical support and the maintenance services contemplated by the Technical Specifications and our Proposal. However, in the event that at any time during the period that this Irrevocable Offer is in effect we are required to obtain a direct license or a sublicense to use third party software to provide to you the Equipment, the Software, the technical support and the maintenance services contemplated by the Technical Specifications and our Proposal, we shall at our own expense, secure and administer for your Agency, in your Agency's name, any and all necessary sublicenses or direct licenses for the third party software, which shall be perpetual and irrevocable. We shall use our best efforts to secure such sublicenses and direct licenses upon terms providing your Agency the right (i) to make multiple copies of the third party software; (ii) to use the third party software on multiple processors utilized by your Agency or entities affiliated with your Agency, at no additional licensing fee and (iii) to maintain and modify the third party software without restriction and upon such other reasonable terms and conditions which are reasonably acceptable to your Agency.

c) We shall provide documentation satisfactory to your Agency which confirms we have acquired on your behalf all third party Software licenses required by this Irrevocable Offer.

15. SOFTWARE LICENSE

a) We hereby grant to your Agency a perpetual, non-exclusive, irrevocable license to use our Licensed Software, in both source and object code form with respect to application system software and in object code form only with respect to operating system software and in each case, only for the purposes contemplated by the Technical Specifications; provided however, that in no event shall such license be deemed to permit your Agency to use the Licensed Software in any Equipment other than those specific items of Equipment to which such Licensed Software is directly related and, provided further that, except as provided by Paragraph 19 hereof, in no event shall such license be deemed to permit the copying of any Programs, Documentation, source code or object code other than for purposes of back up or archival purposes.

b) We shall require that subcontractors and suppliers also grant to your Agency, perpetual, non-exclusive, irrevocable licenses to use the third party software, in both source and object code form with respect to application system software and in object code form only with respect to operating system software for the purposes contemplated by the Technical Specifications; provided however, that in no event shall such license be deemed to permit your Agency to use such Licensed Software in any Equipment other than those specific items of Equipment to which such Licensed Software is directly related and, provided further that, except as provided by Paragraph 19 hereof, in no event shall such license be deemed to permit the copying of any Programs, Documentation, source code or object code other than for purposes of back up or archival purposes.

c) In addition to the license provided for herein, we hereby grant to your Agency a perpetual, non-exclusive irrevocable license to use the object code for the operating system software in the event that you are entitled to remove the information placed by us into escrow pursuant to Paragraph 2 hereof.

d) Except as otherwise provided in Paragraph 61(e) hereof, as used above, "irrevocable" shall include, but not be limited to, the right of your Agency to continue using our Licensed Software or third party software irrespective of any breach or default pursuant to the terms hereof.

16. SCOPE OF LICENSE

Your Agency or any Agency or assignee of your Agency which may assume the responsibilities of your Agency or any successor in interest of your Agency may use the Licensed Software for the purposes contemplated by the Technical Specifications and our Proposal on any and all Equipment purchased from us. In addition, your Agency or any agency which may assume the responsibilities of your Agency or any successor in interest to your Agency may, upon written notice, use the Licensed Software for the purposes contemplated by the Technical Specifications and our Proposal in conjunction with any equipment configurations of whatever make, manufacture and/or model owned, controlled or contracted for by your Agency as previously approved by us pursuant to paragraph 7. Except as provided by Paragraph 19 hereof, your Agency shall have the right to reproduce the Licensed Software, for back-up and archival purposes only.

17. USER DOCUMENTATION

The Software-related documentation (hereinafter referred to as the " User Documentation") will consist of the source code for all Application System Software, object code for all Operating System Software, the specifications for all Imbedded Software provided with the Equipment, and any and all operator's and user's manuals, training materials, guides, commentary, listings and other materials for use in conjunction with the Programs, as identified in our Proposal including, to the extent the same may exist, design documents, specifications, flow charts, data flow diagrams and other materials or documents which explain the performance, function or operation of individual programs and the interaction of programs within the system. For the sole purpose of enabling your Agency to understand the operation of the Software and Equipment, the term "User Documentation" shall include control files and scripts used to compile, link load and/or make the applications and systems, test scripts, test plans and test data to the extent the same may exist. Notwithstanding the foregoing, in no event

shall your Agency be permitted to disclose to any third party for any purpose, any control files and scripts used to compile, link, load and/or make the applications and systems, except as provided by paragraph 19. The User Documentation will in all cases be fully applicable to the use of the Programs with the Equipment and will identify and reflect any particular features of the Equipment which may affect the normal use and operation of the Programs. We shall deliver to your Agency the number of copies of said User Documentation as is specified in the Technical Specification and in our Proposal. Subject to the provisions of Paragraph 15 and 19 hereof, your Agency will have the right, as part of the license granted herein, to make as many additional copies of the User Documentation as it may deem reasonably necessary to use and maintain the Equipment and Software furnished pursuant to this Irrevocable Offer.

18. OPERATING ENVIRONMENT

The Programs, and each module or component and function thereof, will be capable of operating fully and correctly in the operating environment identified in the Technical Specifications and our Proposal dated March 31, 1992 as amended. We hereby warrant and represent that each Program will be fully compatible and will interface completely with each other Program provided hereunder and with the Equipment such that the Equipment and Software combined will except for defects in material and equipment (but not defects in design referred to in Paragraph 44 hereof) perform and continuously attain the standards identified in the Technical Specification and our Proposal dated March 31, 1992 as amended.

19. MODIFICATIONS

Your Agency will have the right, in its own discretion, to independently modify the Application System Software as described in Attachment D through the services of its employees, agents, contractors or subcontractors and, for such purposes, may disclose the Application System Software, or any portion thereof, to such employees, agents, contractors or subcontractors and make such copies of the application system Software as your Agency reasonably deems necessary. As between your Agency and ourselves, such modifications shall become the property of your Agency.

In the event that your Agency desires to independently modify the Application System Software, your Agency shall, at least thirty (30) days prior to engaging in the modification of such Software, give us written notice of your intent to make such modifications which notice shall specify with reasonable particularity the type and nature of the modifications to be made, the manner in which such modifications are to be made and the proposed date on which such modification is to be made. Thereafter, within ten (10) days following your delivery of such notice to us, we shall provide your Agency, with a written proposal to assess the degree of the impact which your Agency's proposed modification of the Software would have on the performance of the Software and the Equipment as required by the Technical Specifications, the acceptance criteria to be applied in assessing your Agency's proposed modification, an estimate of the charges which would be imposed by our company to perform such assessment which charges shall be based on our company's then applicable labor rates and a schedule for the payments we will require in connection with such assessment (such written estimate being hereafter referred to as an "Assessment Proposal"). Thereafter, your Agency shall deliver to us a written statement that your Agency wishes to engage the services of our company to assess the impact of your Agency's proposed modification of the Software on the performance of the Equipment and Software as required by the Technical Specifications or that your Agency does not wish to engage the services of our company

to provide such assessment. A failure by your Agency to deliver such written statement to our company prior to the date your Agency has stated that it will begin making modifications to the application system Software shall be deemed to be a rejection of the terms of our Assessment Proposal.

In the event your Agency accepts our Assessment Proposal, we shall, within ten (10) days following our receipt of your acceptance of our Assessment Proposal, begin to examine and assess the impact which your proposed modification of the Software will have on the performance of the Equipment and the Software as required by the Technical Specifications. For this purpose, your Agency agrees to provide us reasonable access to the Software. Within thirty (30) days following your Agency's acceptance of our Assessment Proposal, we shall provide your Agency with our written assessment of the impact which such modification will have on the performance of the Software and the Equipment as contemplated by the Technical Specification together with a statement of our approval or disapproval of such modifications and, in the event we approve of such modifications, a statement of whether or not we will require the right to supervise (including the right to examine and test the source code of the Application System Software following the modification) such modifications. Notwithstanding the foregoing, in the event your Agency's proposed modification of the Application System Software is substantial, our Assessment Proposal shall indicate that your proposed modification of the Application System Software involves a material modification of the application system Software and, in the event your Agency accepts our Assessment Proposal, we shall provide your Agency our written assessment of your Agency's proposed modification no later than ninety (90) days following your Agency's acceptance of our Assessment Proposal. We shall not disapprove of any Application system Software modifications unless, in our good faith judgment, we determine that the Software or the Equipment will not perform in the manner contemplated by the Technical Specifications after the modification has been made.
If your Agency makes any modification to the Software without obtaining our prior written assessment of the impact which your proposed Application System Software modification will have on the performance of the Equipment and the Software as contemplated by the Technical Specifications, if your Agency makes any modification to the Software after we advise your Agency that we disapprove of your proposed modification to the Software or if we approve of your Agency's proposed modification to the Software but require the right to supervise such modification and your Agency makes such modification without our supervision, we shall have no further liability or responsibility with respect to the warranties, if any, in effect with respect to the Equipment which is operated by the modified Software or with respect to the Software which has been modified except with respect to that part of the Equipment and the Software that, in our written assessment of your Agency's proposed Software modification, we have identified as not being adversely affected by your Agency's proposed Software modification. Notwithstanding the foregoing, in no event shall the warranties provided for in this Irrevocable Offer extend to any modifications which may be made to the Software other than by us.

In the event that your Agency accepts our Assessment Proposal, your Agency agrees to pay to our company, all charges imposed by our company in connection with the assessment of your Agency's proposed modification of the Software within the time periods set forth in our Assessment Proposal.

20. PROPRIETARY RIGHTS

a) We hereby acknowledge and agree that your Agency retains all right, title and interest in and to all proprietary data, documentation and copies thereof furnished by your Agency hereunder, including all copyright and other proprietary rights therein, which documents ourselves as well as our employees, agents, subcontractors and suppliers may use only in connection with the work. We shall not, without the prior written consent of your Agency, use such documentation on any other project in which we or our employees, agents, subcontractors or suppliers are or may become engaged except that we and our employees, agents, subcontractors and suppliers shall be permitted to use the documentation furnished by your Agency for making proposals or furnishing Equipment, spare parts, Software, technical support and maintenance services to the Participating Agencies. Submission or distribution by us to meet official regulatory requirements or for other purposes in connection with the work shall not be construed as publication in derogation of your Agency's copyrights or other proprietary rights.

b) In the event that your Agency and the Participating Agencies pay one hundred percent (100%) of our nonrecurring engineering expenses incurred in the process of developing security related inventions, ideas, designs and methods specifically for use by your Agency and the Participating Agencies, your Agency and the Participating Agencies shall also obtain all right, title and interest in and to such security-related inventions, ideas, designs and methods developed by ourselves and our subcontractors specifically for your Agency and the Participating Agencies (such security related inventions, being hereinafter referred to as " Agency/Participating Agencies Owned Inventions"). Notwithstanding the foregoing, we shall obtain a perpetual, exclusive and irrevocable license to manufacture and sell such security related inventions, ideas, designs and methods upon reasonable license terms to be mutually agreed upon. Such Agency/Participating Agencies Owned Inventions, shall include all specifications and other documentation related thereto.

c) With respect to Agency/Participating Agency Owned Inventions, your Agency in conjunction with the Participating Agencies shall acquire all patent, copyright, trade secret and other proprietary rights in such developments. Accordingly, neither ourselves nor our employees, agents, subcontractors or suppliers shall have any proprietary interest in such Agency/Participating Agency Owned Inventions except for the license to manufacture and sell such Agency/Participating Agency Owned Inventions described in Paragraph 20(b) above. Except for the license to manufacture and sell Agency/Participating Agency Owned Inventions described in Paragraph 20(b) above, the Agency/Participating Agency Owned Inventions may not be utilized, reproduced or distributed by or on behalf of ourselves, or any employee, agent, subcontractor or supplier thereof, without the prior written consent of both your Agency and the Participating Agencies, except as required for our performance hereunder.

d) Except as otherwise provided in subparagraphs (a), (b) and (c) above, or elsewhere herein, we and our subcontractors and suppliers hereunder shall retain all proprietary rights in and to all methods, concepts, ideas, procedures, processes, systems, principals, or discoveries embodied in the Equipment and Licensed Software provided hereunder. Notwithstanding

the foregoing, we hereby grant, and shall require that our subcontractors and suppliers grant, to your Agency a perpetual and irrevocable right and license to use all such Equipment and Licensed Software and the associated specifications, technical data and other documentation for the purposes contemplated by the Technical Specifications and our Proposal. Notwithstanding the foregoing, nothing herein shall be deemed to prohibit, restrict or otherwise limit the right of your Agency or any agency which assumes the responsibilities of your Agency or any successor in interest to your Agency from selling Tags purchased from us or our duly licensed manufacturers to any person, firm, corporation or other entity.

e) Notwithstanding our ownership and the ownership of our subcontractors and suppliers of certain proprietary rights in the Equipment, your Agency shall own all Equipment, excluding the Imbedded Software for which your Agency shall have a perpetual, irrevocable license pursuant to Paragraph 4 herein, and shall have the right to use such Equipment and Imbedded Software for the purposes contemplated by the Technical Specifications and our Proposal and at any time without compensation other than as specifically provided herein.

21. CONFIDENTIALITY

a) All Agency/Participating Agency Owned Inventions and other materials, data, documentation, inventions, ideas, designs and methods in which your Agency and/or any Participating Agency holds the proprietary rights, including but not limited to the Tag Encoding Methodology used by your Agency, constitute Confidential Information and may not, without the prior written consent of both the Participating Agencies and your Agency, be used by us or our employees, agents, subcontractors or suppliers for any purpose other than for the benefit of the Participating Agencies and your Agency. Neither ourselves nor our employees, agents, subcontractors or suppliers may sell, transfer, publish, disclose, display, license or otherwise make available to others any part of such Confidential Information without the prior written consent of both the Participating Agencies and your Agency.

b) All documentation which is marked as "Confidential/or Proprietary information we supply to your Agency shall be deemed to be confidential information and, except for the limited rights to disclose this information in connection with the modification of the Application System Software provided for by Paragraph 19 hereof, in no event shall your Agency or any of your employees, agents, subcontractors or suppliers sell, transfer, publish, disclose, display, license or otherwise make available to others any part of such documentation without our prior written consent. In addition, in no event shall any of your employees disclose to any of your agents, subcontracts, suppliers or any other third parties, any control files and scripts used to compile, link, load and/or make applications and systems, test scripts, test plans and test data which may be provided to your Agency hereunder.

c) We shall advise each of our employees, agents, subcontractors and suppliers who may be exposed to such Confidential Information of their obligation to keep such information confidential and shall promptly advise your Agency in writing if we learn of any unauthorized use or disclosure

of the Confidential Information by any of our employees or agents, or subcontractor's or supplier's employees, present or former. In addition, we agree to cooperate fully and provide any assistance necessary to ensure the confidentiality of the Confidential Information.

d) Unless otherwise requested by the Participating Agencies or your Agency, upon the completion of the services to be performed hereunder, we shall immediately turn over to the Participating Agencies and your Agency, all such Confidential Information existing in tangible form, and no copies thereof shall be retained by ourselves or our employees, agents, subcontractors or suppliers without the prior written consent of the Participating Agencies and your Agency; provided that, one copy of such Confidential Information may be retained for legal recordkeeping purposes without the prior written consent of your Agency and the Participating Agencies. A certificate evidencing compliance with this provision and signed by an officer of the party to whom the Confidential Information has been furnished shall accompany such materials.

e) We agree to be bound by the provisions of the New York State Personal Privacy Act with respect to any data created under this Irrevocable Offer where applicable and the applicable laws and statutes of the States of New Jersey and Delaware and the Commonwealth of Pennsylvania. Accordingly, we agree that the provisions of the Personal Privacy Protection Act are incorporated by reference into this Irrevocable Offer as are the applicable laws and statutes of the States of New Jersey, Delaware, and the Commonwealth of Pennsylvania.

22. CONTRACTOR ASSISTANCE

a) Upon request of the Participating Agencies or your Agency, we shall promptly execute or shall cause our employees, agents, subcontractors or suppliers to execute a transfer of rights to any Agency/Participating Agency Owned Inventions or any other proprietary information of your Agency and/or the Participating Agency in accordance with the provisions of Paragraph 20 and 21, in a form which is mutually agreeable to us and the Participating Agencies and/or your Agency. The Participating Agencies and your Agency may, at their option, regard this offer as an assignment by us of our proprietary rights in any Agency/Participating Agency Owned Inventions subject to the terms of the license described in Paragraph 20.

b) In addition, we agree to give the Participating Agencies and your Agency and any person designated by such parties, all assistance required to perfect the rights defined in Paragraphs 20(b) and (c) above, including but not limited to, execution and delivery of all documents required by the Participating Agencies and your Agency to document and protect the Participating Agencies and the your Agency's proprietary rights in the Agency/Participating Agency Owned Inventions. Such assistance may also include filing applications for patent and copyright registration in the name of the Participating Agencies and your Agency and making all other necessary or appropriate filings with governmental entities so as to secure and maintain maximum protection for such Agency/Participating Agency Owned Inventions.

23. PATENT AND COPYRIGHT INDEMNIFICATION

a) We warrant that all deliverable and other items furnished hereunder, including but not limited to, Programs, User Documentation and Equipment, do not infringe upon or violate any patent or copyright or, to the best of our knowledge, any trade secret, or other proprietary right of any third party.

b) We shall be liable and responsible for any and all claims made against your Agency (which shall be deemed to include its officers and employees while acting in the scope of their employment) for infringement of patents, copyrights, trademarks, trade secrets or any other third party proprietary rights, arising as a result of your Agency's use of, or our supplying to your Agency use of, any Equipment, Software, firmware, tools, articles, appliances, structures, materials, devices, applications, methods, ways, processes and the like, which are furnished by us in the course of performance or completion of the work contemplated by this Irrevocable Offer and the Technical Specifications, or your Agency's continued use of the Equipment. Accordingly, we at our own expense, shall indemnify, including the payment of attorneys' fees, and hold harmless your Agency and defend any action brought against your Agency with respect to any claim, demand, cause of action, debt, or liability to the extent that it is based upon a claim that any deliverable used hereunder infringes or misappropriates any patents, copyrights, trade secrets, licenses, or other third party proprietary rights. We shall have full control over the defense or settlement of any such claim. However, your Agency may, at its expense, elect to defend if your Agency should so choose; provided that, in the event your Agency elects to defend itself against such claim, we shall have no obligation whatsoever to indemnify and hold harmless your Agency against any cost, loss or expense of any kind or nature arising out of such claim.

c) In the event that any deliverable or portion thereof is held to constitute an infringement and its use is or may be enjoined, we shall have the obligation to, at our option to (i) modify, or require that the applicable subcontractor or supplier modify, the alleged infringing deliverable(s) at our own expense, without materially impairing the functionality or performance thereof that is non-infringing, or (ii) procure for your Agency the rights provided under this Irrevocable Offer to use the infringing deliverable (s). In the event we elect to modify the alleged infringing deliverables, your Agency shall have the sole right to review and determine if the performance of the Equipment and the Software following such modification is substantially the same as that as required by the Technical Specifications. If in our reasonable good faith judgment, none of the foregoing options is practical, we will accept a return from your Agency of the Equipment, Software or other deliverables whose use has been enjoined and, if such injunction has been imposed at any time during the twenty-four (24) month period beginning on the date your Agency accepts this Irrevocable Offer, we will, promptly following the return to us of the Equipment, Software or other deliverables whose use by your Agency has been enjoined, refund to your Agency, the full amount paid by your Agency for the returned Equipment, Software or other deliverables. If such injunction has been imposed at any time after the twenty-four (24) month period beginning on the date your Agency accepts this Irrevocable Offer, we will, promptly following the return to us of the Equipment, or

other deliverables whose use by your Agency has been enjoined, refund to your Agency the full amount paid by your Agency for the returned Equipment, Software or deliverables less a reasonable charge, to reflect the period of use by your Agency of such Equipment, Software or deliverable, which charge shall be determined by dividing the cost of the returned Equipment or Software by the useful life of such Equipment or Software as set forth in the Technical Specifications and then multiplied by the number of months such Equipment is installed (Depreciated Value).Thereafter for purposes of determining the amount to be refunded, such amount shall be the amount paid less the Depreciated Value which shall be paid upon demand by your Agency.

d) We shall be solely responsible for determining and informing your Agency whether any supplier or subcontractor providing goods or services to your Agency is a party to any litigation involving patent or copyright infringement, trademark violation, antitrust or other trade regulation or proprietary rights claims or is subject to any injunction which may prohibit it from providing Equipment and/or Software hereunder. We shall enter into agreements with all suppliers and subcontractors at our own risk. Your Agency may reject any deliverable which you, in good faith, believe to be the subject of any such litigation or injunction, or if, in your Agency's judgment, use thereof would delay the work or be unlawful.

e) Your Agency shall give us prompt written notice of all claims, actions, proceedings or suits alleging that any Equipment, Software or other deliverable provided in connection with this Irrevocable Offer infringes upon or otherwise violates any patent, trademark, copyright, trade secret or the proprietary right of any person, firm, corporation or other entity and we shall have full and complete authority to assume the primary defense thereof, including appeals, and to settle same. Your Agency shall, upon our request and at our expense, furnish all information and assistance available to your Agency and cooperate in every reasonable way to facilitate the defense and/or settlement of any such claim, action, proceeding or suit.

f) No warranty or undertaking made by us under this Paragraph 23 shall extend to any such alleged infringement or violation to the extent that it: (i) arises from adherence to designs, modifications, specifications, drawings or written instructions which we are directed by your Agency to follow (unless such designs, modifications, specifications, drawings or written instructions have been recommended by us to your Agency or contemplated by the Technical Specifications); or (ii) arises from adherence to instructions to apply your Agency's trademark, service mark or other form of identification to any Equipment or Software furnished by us to your Agency under this Irrevocable Offer; or (iii) is based upon your Agency's use of equipment or software which has not been manufactured by and does not originate with our company or its duly licensed manufacturers and which is furnished by your Agency to us for use under this Irrevocable Offer; or (iv) relates to use of Equipment or Software provided us in combination with other equipment or software, furnished either by your Agency or others, which combination was not installed, recommended or otherwise approved by us in accordance with the provisions of Paragraph 19 hereof if such claim would have been avoided but for such combined use. Notwithstanding the foregoing, we shall not

be required to take any actions that would knowingly result in any violation or infringement of any patent or copyright.

g) Notwithstanding the foregoing, your Agency may, at its own expense, elect to defend or participate in the defense of any claim in which it is a named defendant, provided that, if we have not abandoned or otherwise abrogated our defense of any such claim and your Agency settles such claim without our prior written consent or if your Agency compromises our ability to defend against such claim or otherwise fails to cooperate in every reasonable way to facilitate the defense and/or settlement of such claim, we shall have no obligation whatsoever to indemnify and hold harmless your Agency against any cost, loss or expense of any kind or nature arising out of such claim.

h) The Contractor shall defend against such (suits) in which event he shall not, without obtaining express advance permission from the General Counsels of the Agencies, raise any defense involving in any way the jurisdiction of the tribunal, immunities of the Agencies, governmental nature of the Agencies or the provisions of any statues or rules respecting suits against the Agencies, both substantive and procedural.

24. TIMELINESS OF DELIVERY/PERFORMANCE

We understand that prompt delivery of Equipment and/or Software ordered pursuant to an Equipment Order and prompt performance of any warranty services or technical support and maintenance services provided by our company is required by your Agency. Except with respect to extensions of time permitted by Paragraph 26, in the event that any delays in meeting any Scheduled Delivery Date or deadline are caused by us, we shall provide such additional personnel and resources as your Agency may require at no additional charge, in order to satisfy the Scheduled Delivery Date and/or deadlines for services in a timely manner.

25. DAMAGES IN CASE OF DELAY CAUSED BY US

Notwithstanding the foregoing, we are firmly obligated to meet the Scheduled Delivery Dates set forth in an Equipment Order and perform warranty services and any optional technical support or maintenance services your Agency may purchase from our company in a timely fashion. In the event of a delay in delivery of Equipment and/or Software, or in performing warranty services, or optional technical support and/or maintenance services purchased from our company as such time may be extended by your Agency, your Agency may pursue any of the remedies defined herein or as otherwise permissible by law.

26. EXTENSION OF TIME

a) If the performance of our obligations contained in this Irrevocable Offer is delayed at any time hereunder, then the affected Scheduled Delivery Date or the required performance of warranty services and/or optional technical support and maintenance services purchased from our company may be extended by your Agency in the reasonable exercise of its discretion for such reasonable time as your Agency may determine, provided that:

i. The cause of the delay is beyond our control and arises without our fault or negligence, and arises after the execution hereof and neither was nor could have been anticipated by ourselves by reasonable investigation; and

ii. We demonstrate that the completion of the work will be actually and necessarily delayed by the causes set forth in (i) above; and

iii. The effect of such cause cannot be avoided or mitigated by the exercise of all reasonable precautions, efforts and measures whether before or after the occurrence or the cause of delay; and

iv. We provide your Agency a written request and other information within ten (10) days after the time we know or reasonably should have known of any cause which might, under reasonably foreseeable circumstances, result in a delay for which we may request an extension of time. We shall specifically state in such notice that an extension is or may be claimed and identify the cause of the delay, describing the nature and expected duration of the delay and its effect on the completion of the affected portions of the work identified in the notice. All of the conditions of this subsection (a) must be met in order to be deemed an Excusable Delay.

b) All references in this paragraph to us shall be deemed to include our subcontractors, suppliers and materialmen, all of whom shall be considered as agents of our company.

c) The period of any extension of time shall be only that which is necessary to make up the time actually lost. Your Agency reserves the right to rescind or shorten any extension previously granted if your Agency subsequently determines that any information provided by us in support of its request for an extension of time was erroneous or that there has been a material change in the facts stated; provided however, that such information or facts, if known, would have resulted in a denial of the request for an Excusable Delay.

d) We shall provide your Agency such additional information or documentation as your Agency shall reasonably deem necessary or helpful in considering a requested extension promptly following your Agency's request for the same. We understand an extension of time will not be granted unless we affirmatively demonstrate to your Agency's reasonable satisfaction that the circumstances shown justify such extension.

e) Within ten (10) business days of its receipt of all information and documentation as may be required by your Agency, your Agency shall advise us of its decision on such requested extension. Notwithstanding the foregoing, where it is not reasonably practicable for your Agency to render its decision within such ten (10) business days period, it shall, prior to the expiration of such period, advise us that it will require additional time and the approximate date upon which it expects to render such decision.

f) Since the granting of an extension of time may materially alter the scheduling plans and other actions of your Agency and since, with sufficient notice, your Agency might, if it should so elect, attempt to mitigate the effect of the delay for which an extension of time might be claimed, and since mere oral notice may cause a dispute as to the existence or substance thereof, the giving of written notice as required in subsection (a) (4) above shall be a condition precedent to our rights hereunder.

g) Should any person seek a restraining order, preliminary injunction or an injunction, of which we become aware, which may delay the work, we shall promptly give your Agency a copy of all legal papers received in connection with such action or proceeding. Your Agency shall be accorded the right to intervene or become a party to any suit or proceeding in which any such restraining order, preliminary injunction or injunction shall be sought or obtained and to oppose or to move to dissolve the same or otherwise, as your Agency may deem proper at our expense. If your Agency shall deem it necessary, its designated counsel shall be authorized by us to appear for that purpose as counsel or attorney for us.

h) Neither permitting us to proceed with the work subsequent to any missed Scheduled Delivery Date or performance of warranty services and/or optional technical support and maintenance services purchased from our company (as such date may have been extended pursuant to this Paragraph 26) nor the making of any payments to us shall compromise your Agency's contractual right to assess liquidated damages or declare us in default.

27. EXTENSION OF TIME NOT CUMULATIVE

In the event we shall be delayed at any time or for any period of time by two or more simultaneously occurring causes identified in paragraph 26 above, we shall not be entitled to a separate extension for each one of the causes but only one period of extension shall be granted for the delay. In the event that we shall be delayed at any time and, subsequent to the occurrence of the event which caused such delay, an additional event occurs which will result in additional delays, the occurrence of the first event which caused such delay shall not prejudice our right to receive an additional extension as a result of such subsequently occurring event. In addition, we shall not be entitled, by reason of a delay, to an extension of time for the completion of the overall work unless the overall work is necessarily affected by the delay. Accordingly, in the event of a delay, we shall proceed continuously and diligently with the performance of the unaffected portions of the work.

28. NO DAMAGES FOR DELAY

We hereby agree to make no claim for damages for delay in the performance by us of our obligations hereunder occasioned by any act or omission to act of your Agency or any of its representatives or other contractors, and agree that any such claim shall be fully compensated for by an extension of time to complete performance of the work, as provided for in paragraphs 25 through 28.

29. QUALITY ASSURANCE PLAN

We shall comply with a Quality Assurance Plan which shall be agreed upon by us and your Agency immediately prior to your Agency's acceptance of this Irrevocable Offer set forth in our Proposal dated March 31, 1992 as amended as it relates to the manufacture of Equipment. All work undertaken by us before approval by your Agency of our Quality Assurance Plan will be at our risk and expense.

30. QUALITY ASSURANCE RECORD KEEPING

We shall maintain, and shall require that our subcontractors and suppliers maintain, complete and accurate records to substantiate our compliance with the quality assurance requirements contained in the quality assurance plan referred to in Paragraph 29 hereof. We and our subcontractors and suppliers, shall retain such records, and all other documents relevant to Equipment and/or Software furnished to your Agency for a period of seven (7) years from the expiration date of this Irrevocable Offer.

31. AUDIT AND INSPECTION (QUALITY ASSURANCE)

We shall permit, and shall require that our subcontractors and suppliers permit authorized representatives of your Agency to inspect and review during our normal business hours and upon reasonable advance written notice, all work, materials and other relevant Equipment, data or records and to audit our and our subcontractor's and suppliers', books and records pertaining to our quality assurance efforts in connection with the manufacture and delivery of Equipment. Such audit and inspection may include, but shall not be limited to, (i) surveillance of our operations to ensure compliance with the Quality Assurance Plan (ii) measuring the quality of items, to be offered for acceptance, and (iii) inspection of items awaiting release for shipment to ensure compliance with the Quality Assurance Plan.

32. TESTS

In order to assure product performance, your Agency will require a sequence of tests. These tests are at no additional cost to your Agency. These tests are First Article, Systems Integration, and Production Acceptance Tests.

(a) First Article Tests

Prior to shipment we shall fully inspect and test the first article of each item of Equipment (First Article Test) when first ordered by your Agency, at our facility and provide evidence thereof in the form of inspection and test reports. With respect to the Basic Reader (including internal and external tags), we are obligated to complete one (1) First Article test on behalf of your Agency and the Participating Agencies. These tests shall include unit tests and system tests as more fully described in our proposal dated March 31, 1992 as amended. A unit test shall test an individual unit of Equipment. System tests shall test the performance of tags and reader, after having passed their unit tests, in simulations of your toll collection system(s) (e.g. a test toll lane).

It shall be our responsibility, at no additional cost to your Agency, to devise and build the test fixtures and simulators necessary to perform the unit and system tests. Such fixtures and simulators shall provide simulation(s) of your Agency's toll collection system(s) and shall further be capable of demonstrating compliance with the Technical Specifications and representations made in our proposal dated March 31, 1992 as amended. We shall provide your Agency ten (10) business days advance written notice of the date and location of such tests. Your Agency may observe the tests and approve or disapprove the test results regardless of any certification by us.

Your Agency shall have the right to require us, at an additional cost to your Agency, to have some or all such tests performed by third parties specified by your Agency, such as laboratories experienced or specialized in a specific field. Examples of such third party tests are measuring capture zone dimensions, immunity to interference from sources specified, power density and effects of signal reflections.

We shall not ship any Equipment to your Agency unless we have received your written approval that the Equipment has satisfied all criteria of the First Article Test.

b) System Integration Test

As part of Technical Support Services, within five (5) days after completion of the First Article Test, or such later date as you specify, we shall provide and install readers, tags and such other equipment and fixtures related to our readers and/or tags as you may require at a facility, designated by your Agency, either at a toll plaza or at the system integrator facility, at no additional cost to your Agency, for system integration and interface testing with your actual toll collection system or simulation thereof. No later than 10 days prior to the scheduled commencement of such system integration testing, your Agency shall provide us with the criteria and we agree to accept such criteria provided however that such criteria are consistent with the requirements of the Technical Specifications. You shall make reasonable efforts to control the time requested to perform such tests. You shall have the right to require us to participate in two (2) integration tests at no additional cost to you. Your Agency will pay the costs of any additional system integration tests requested at materials and labor costs set forth in Attachment A.

c) Production Acceptance Testing

Upon satisfactory completion of all testing set forth in (a) and (b) above, we shall perform production acceptance testing for all Equipment ordered by your Agency. Such testing shall be for the purpose of determining whether or not the Equipment functions in accordance with the Technical Specifications and shall include testing of interfaces and communications with your toll collection system and shall be conducted as more fully described in our proposal dated.

We shall provide your Agency ten (10) business days advance written notice to any such production acceptance test. Your Agency may observe the test and approve or disapprove of the test results regardless of any certification by us.

d) Test Procedures

We shall submit a Test Procedure and a Test Scenario at least one month prior to any First Article or Production Acceptance tests for your Agency's review and approval. The Test Procedure will define the criteria for acceptance of the Equipment tested. In addition, the Test Procedure for both the Basic Reader and Enhanced Reader shall test for any anomalies detected by the Participating Agencies during the field tests conducted from August 1993 through February 1994. We will not perform any test unless your Agency has approved the test procedure and test scenario for that test. Your Agency must accept or reject the test procedure and/or test scenario identifying detailed reasons for rejection within three (3) weeks.

Each Test Procedure shall describe the step-by-step operations involved in carrying out the tests and shall include descriptive information on test equipment, test fixtures and test programs proposed for carrying out the tests. Each Test Scenario shall be step-by-step, operation-by-operation sequential listings of test events, designed to simulate worst case usage. Listing of test events shall include expected results, such as data messages, for every operation in such a manner that the result anticipated in the scenario may be directly compared with the result obtained in the test.

33. PURCHASE PRICE

a) Your Agency may purchase and we shall sell the Equipment and/or spare parts described in the Attachment A and license to your Agency the Software described in Attachment A at prices no higher than those set forth in Attachment A. The prices set forth in the Attachment A include the provision of all design/development costs, components, materials, testing, packaging, delivery and any service costs necessary or incidental to the manufacture, installation of the Software and delivery and supervision of the installation of but not installation of Equipment. The costs of adjustments, calibration and modifications to the Equipment and/or Software necessary for the Equipment and/or Software to operate as specified herein shall be deemed included in such price. Such prices may not increase five (5) years following the date we receive the first Equipment Order from the first of the Participating Agencies to place an Equipment Order. All such prices shall be extended to each of the Participating Agencies until the end of such period.

b) Pricing for optional technical support and maintenance services for each item of Equipment is set forth in the Attachment A. Such prices shall be in effect for a period of two (2) years following the date we receive the first Equipment Order from the first of the Participating Agencies to place an Equipment Order. Thereafter, we shall furnish to your Agency written notice at least one hundred and eighty (180) days prior to the expiration of such period in the event we desire to increase the charges for optional technical support and maintenance services set forth in Attachment A. However, during each twelve (12) month extension of the initial term, in no event shall an increase in such charges from the prices for the preceding twelve (12) months exceed the lesser of:

(i) five percent (5%) or;

(ii) the average increase in the Consumer Price Index for Urban Labor Earners and Clerical Workers published by the Bureau of Labor Statistics for the two (2) preceding twelve (12) months terms. Thereafter, the prices shall remain firm for the balance of the twelve (12) month extension term.

34. PRICE REDUCTION

a) We warrant and represent that, except to the extent contemplated by Paragraph 61(e) hereof, during the five (5) year period beginning on the date we receive the first Equipment Order from the first of the Participating Agencies to place an Equipment Order, your Agency and the Participating Agencies shall maintain their relative price, discount and/or terms and conditions advantage versus that of any of our customer(s) price/discount and/or terms and conditions available to any of our customers whose operations are located in North America.

b) We warrant and represent that for the duration of this Irrevocable Offer, we will not sell the Equipment spare parts, technical support/or maintenance services listed in Attachment A, to anyone located in North America at a price at or lower than the prices of the Equipment, spare parts, technical support and/or maintenance services specified therein, as such prices may be adjusted as provided herein. Moreover, if we sell any of the items listed in Attachment A to any one located in North America at a price lower than 104% for reader equipment and 107% for Tags in each case, of the then applicable contract price for the applicable items then the price charged for subsequent purchases by your Agency for the applicable items shall be reduced to the price that is in the case of reader equipment 4% lower than such price and/or in the case of Tags 7% lower than such price. For example in the case of the 107% floor assume an Agency Equipment price for a Tag is $20.00. If the price to a customer (other than the Agency) is $20.00 then under this formula the Agency price will be reduced to $18.60. Your Agency agrees to not sell or deliver as applicable, the Tags other than to those you reasonably believe to be customers of your toll facilities.

Furthermore, your Agency agrees that it will not sell Tags at a price that exceeds the purchase price for the Tags.

c) We shall report all price reductions made during this offer with a description of the conditions under which the reductions were made within thirty (30) days following the date such price reduction is made. Those reductions which do not disturb your Agency and the Participating Agencies price position relative to our customer(s) whose operations are located in North America will not be subject to the provisions of this clause. However, the information will be used in connection with the negotiations for the establishment of prospective prices used on Equipment Orders for the following twelve (12) months of any subsequent option term exercised by your Agency pursuant to the terms hereof.

d) If after the extension of this Irrevocable Offer to your Agency or any of the Participating Agencies we (i) reduce the price set forth in the commercial catalog, price list, schedule, or other documents (or grant any

more favorable terms and conditions) supplied by us and used by your Agency and the Participating Agencies to establish the equipment prices herein or (ii) we reduce the price through special discounts to any customer whose operations are located in North America and upon which the prices to your Agency and the Participated Agencies were predicated so as to disturb the relationship of your Agency and the Participating Agencies to such customer(s) whose operations are located in North America, a price reduction in similar proportion shall apply to this contract for the remainder of the contract term, or until further reduced, or, in the case of temporary price reductions, for the duration of any temporary price reduction period.

e) Your Agency shall exempt from application of this clause any sale at a price below the price set forth in Attachment A, if caused by an error in quotation or billing, provided adequate documentation is furnished by us promptly following the discovery of the error.

f) Any price reduction granted by us to any customer shall be effective for your Agency and the Participating Agencies retroactive to the time such price reduction was granted to the customer whose operations are located in North America. We shall invoice at such reduced price and indicate thereon that the price reduction is pursuant to the provisions of this clause.

g) We shall furnish within ten (10) days after the end of each twelve (12) month period a statement certifying either (i) that there was no applicable reduction; or (ii) that any price reduction was reported to your Agency and the Participating Agencies. For each reported price reduction, we shall state the date when we notified your Agency and the Participating Agencies.

h) We shall furnish your Agency quarterly, the following information for both your Agency and the Participating Agencies: total number of Equipment Orders made during the calendar quarter, the quantity and type of Equipment delivered during the calendar quarter and the aggregate dollar value of all Equipment Orders for each of the Participating Agencies during the calendar quarter.

i) We shall furnish to your Agency quarterly reports on all warranty services and all optional technical support and maintenance services made for your Agency and each of the Participating Agencies. Such report shall include but not be limited to: (i) the total number of warranty claims made by your Agency and each of the Participating Agencies during the calendar quarter and the types of Equipment affected; (ii) total number of warranty calls by location during the calendar quarter; and (iii) the total number of instances in which we have provided technical support or maintenance services within the calendar quarter and the locations at which we have provided such technical support and/or maintenance services.

j) All quarterly reports are due on the following dates: July 15th, October 15th, January 15th and April 15th. Such reports are required even if no billings, invoice, or Equipment Order(s) are made or paid or no warranty or optional technical support and maintenance services are provided.

35. PAYMENT RESPONSIBILITIES AND DISPUTES

We shall seek resolution of all disputes and payment for the Equipment furnished pursuant to this Irrevocable Offer from your Agency only and not from any of the other Participating Agencies. All irrevocable offer letters extended to any of the Participating Agencies are independent and your Agency shall have no obligation to resolve such disputes nor any liability arising from disputes under any irrevocable offer letter extended to any of the Participating Agencies.

36. NO ESTOPPEL OR WAIVER

No failure, delay, relaxation or indulgence on the part of our company or your Agency and no acceptance, order, measurement, payment, or certificate of or by our company or your Agency or their respective employees or agents shall either estop your Agency or our company from asserting any right or operate as a waiver of any portion hereof or of any power herein reserved to your Agency or our company or of any rights to damages herein provided.

37. PRICE REDUCTION FOR DEFECTIVE PRICING DATA

If, subsequent to the date of this Irrevocable Offer, it is found that any price negotiated herein was increased by any significant amount because the prices, data and facts were not as stated in our price/cost proposal, then the prices set forth herein shall be retroactively reduced by an amount determined by your Agency and your Agency shall notify us of such adjustment. Failure to agree on such a reduction, subsequent to a decision by your Agency in this matter, shall be a dispute concerning a question of fact.

38. SUBCONTRACTOR COST AND PRICING DATA

a) Before we award any subcontract expected to exceed $100,000 when entered into, or before processing any subcontract modification involving a price adjustment expected to exceed (U.S.) $100,000, we shall require the subcontractor to submit cost and pricing data (actually or by specific identification in writing) if the subcontract price is determined on a "cost plus" or "time and materials" basis and, if the subcontract price is not determined on a "cost plus" or a "time and materials" basis, we shall require the subcontractor to submit pricing data only; provided however that, our subcontractors shall not be required to submit such data if, the price is:

   (i) Based on adequate price competition;

   (ii) Based on established catalog or market prices of commercial items sold in substantial quantities to the general public; or

   (iii) Set by law or regulation.

b) We shall require the subcontractor to certify in substantially the form prescribed in Subsection 15.804-4 of the Federal Acquisition Regulation (FAR) that to the best of its knowledge and belief the data submitted under Paragraph (a) above was accurate, complete, and current as of the date of agreement of the negotiated price of the subcontract or subcontract modification.

c) In each subcontract that exceeds (U.S.) $100,000 when entered into, we shall insert either:

(i) The substance of Paragraph (a) above if such subcontract requires submission of pricing data; or

(ii) The substance of the clause set forth in subsection 52.215-25 of the Federal Acquisition Regulations.

39. TAXES

We shall be responsible for franchise fees and taxes levied against us. For those Agencies that are exempt from sales and compensating use taxes on all personal property it purchases or uses, we shall not include any charges representing such taxes on any invoices hereunder. Prior to issuance of the first Equipment Order hereunder, your Agency shall deliver to us a certificate, executed by a duly authorized representative of your Agency, setting forth all applicable tax exemption numbers issued to your Agency.

40. NO OTHER COSTS ALLOWABLE

We shall accept as full compensation for all Equipment and/or Software and warranty and optional technical support and maintenance services provided hereunder, those charges set forth in Attachment A.

41. AUDIT (FINANCIAL)

a.) We agree that, until the expiration of seven (7) years following the last day that the provisions of the agreement resulting from acceptance of this Irrevocable Offer, including any options exercised by your Agency, are in effect, your Agency or any of your duly authorized representatives shall, have access to, upon reasonable advance notice and during our normal business hours, and the right to examine any of our books, documents, papers and records and the books, documents, papers and records of our subcontractors and suppliers; or to any of our books, documentation, papers and records relating to any items which, according to U.S. generally accepted accounting principles, are customarily reported in the portion of our balance sheet. Such records shall subsequently conform to those requirements, defined in Subpart 4.7 of the Federal Acquisition Regulations ("FAR"), and shall only address those transactions related to this Irrevocable Offer and the transactions conducted with any of the Participating Agencies. We further agree to include in all subcontracts, a provision to the effect that the subcontractor agrees that for a period of seven (7) years following the last day that the provisions of this agreement which results from acceptance of the Irrevocable Offer, including any options exercised by your Agency are in effect, your Agency or its duly authorized representatives shall, have access under the subcontract to all records which we are required to provide to you pursuant to the foregoing provisions of this Paragraph 41(a). The term "subcontract" as used in this clause excludes (a) purchase orders not exceeding ten thousand dollars ($10,000) and (b) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

b. We agree to maintain an accounting system that provides for the following:

(i) accounting records that are supported with adequate documentation; and

(ii) adequate procedures for determining the allowability and allocability of costs according to the FAR; and

(iii) effective control over, and accountability for, contract funds and tangible personal property acquired for use on a contract; and

(iv) records that accurately, currently, and completely identify costs for each significant cost objective; and

(v) records that distinguish between direct and indirect costs in a logical and consistent manner; and

(vi) timekeeping records kept in sufficient detail to allow employees' time to be associated with the various contracts they work on; and

(vii) records that enable comparisons between actual costs incurred and budgeted costs (both during performance of the contract and after its completion).

42. WARRANTY OF TITLE TO EQUIPMENT

We hereby warrant and represent that all Equipment provided shall be new and unused, and that your Agency shall acquire good and clear title thereto, free and clear of all liens and encumbrances except for Imbedded Software and other Software which is licensed to your Agency pursuant to the provisions of Paragraphs 14, 15 and/or 16 hereof.

43. OWNERSHIP OF LICENSED SOFTWARE

We hereby warrant and represent that we possess all rights to and interests in the Licensed Software, and all portions thereof, or otherwise have the right to grant to your Agency the licenses provided in Paragraphs 4, 14, 15, 16, and 17, and 19 hereof, without violating any rights of any third party, and there are currently no actual or, to the best of our knowledge, threatened suits by any such third parties based on an alleged violation of such rights by us. We further represent and warrant that your Agency has the right to modify the Licensed Software as defined in paragraph 14 hereof, for your Agency's use but only to the extent contemplated by Paragraph 19 hereof. We shall require that all suppliers of third party software hereunder furnish to your Agency the foregoing warranties of ownership with respect to the third party software.

44. DESIGN AND CONSTRUCTION

a) The design and construction of the Equipment and/or Software shall reflect the intended use of the Equipment as a component of a fully integrated electronic toll collection system in the New York, New Jersey, Pennsylvania and Delaware toll collection environment, as defined in the

Technical Specifications. In addition, the Equipment and/or Software shall meet the standards of safety and reliability for the New York, New Jersey, Pennsylvania and Delaware toll collection environment, as specified in the Technical Specifications, and all applicable design codes, ordinances and standards.

b) In the event that in any given month during the twenty- four (24) month period beginning on the date we receive the first Equipment Order from the first of the Participating Agencies to place an Equipment Order, one percent (1%) of the total number of Tags purchased by your Agency and the Participating Agencies or two percent (2%) of the total number of items of any particular model number contained within all other Equipment purchased or Software licensed by your Agency and the Participating Agency(ies) are experiencing a degradation in performance that require the performance of warranty services, then we agree that a "design defect" shall be deemed to be present in such affected types of Equipment. We shall remedy such design defect employing our best efforts at no cost to your Agency or any of the Participating Agencies. We shall exercise our best efforts to remedy such design defect within ninety (90) days after we receive your written advice of the presence of design defect. In no event will the time period to correct the design defect extend beyond one hundred eighty (180) days from such notice. Our failure to remedy within such applicable time periods shall be considered an event of default that shall entitle your Agency to have released to it the Documentation described in paragraph 2. In addition, we will provide your Agency periodic status reports, however such reports will be submitted no later than sixty (60) days from issuance of your Agency's notice concerning such design defect, and in sixty (60) day intervals thereafter, regarding our progress with respect to remedying such design defect. Upon our correction of the design defect we shall repair or replace the affected type(s) of Equipment and/or Software and our warranty shall be extended for an additional twelve (12) month period effective as of the date said repaired or replaced type(s) of Equipment and/or Software are installed.

c) We acknowledge and agree that the term "design defect" is not intended to exclude instances where numerous or recurring failures are the products of defective workmanship.

45. EQUIPMENT WARRANTY

a) We warrant that for a period of one (1) year from the date any unit of Equipment is installed, (with the exception of Tags and Software), the Equipment shall be (i) free from defects in materials and workmanship and remain in good working order, and (ii) function in accordance with the requirements of the Technical Specification, our published performance specifications and the other warranties set forth herein. The warranty contained in this Paragraph 45(a) shall only apply if we install the Equipment, supervise the installation of the Equipment or provide your Agency with written notice that we will not require the right to install the Equipment or supervise the installation of the Equipment. If we choose to supervise the Equipment's installation, we shall do so at no additional cost to your Agency.

b) We warrant that, with respect to any Tag intended to be installed on the exterior of any vehicles, for a period of three (3) years beginning on the date any such Tag is installed on the exterior of a vehicle or, for a period of three (3) years beginning eighteen (18) months from the date such Tag is delivered to your Agency, whichever period is earlier such Tag shall (i) be free from defects in materials and workmanship and remain in good working order; and (ii) function in accordance with the requirements of the Technical Specification, our published performance specifications and other warranties set forth herein.

In addition, we warrant that, with respect to any Tag intended to be installed in the interior of any vehicle, for a period of five (5) years beginning on the date any such Tag installed in the interior of a vehicle, or for a period of five (5) years beginning eighteen (18) months from the date such Tag is delivered to your Agency, whichever period is earlier such Tag (x) shall be free of defects in materials and workmanship and remain in good working order and (y) function in accordance with the requirements of the Technical Specifications, our published performance specifications and the other warranties set forth herein.

c) We further warrant that the Equipment, including Tags, shall meet or exceed the requirements in the Technical Specifications, all material and workmanship supplied hereunder will be of highest quality and consistent with established and generally accepted standards, and will comply with the requirements of the Technical Specifications.

d) Equipment and Software received by us shall be our property. If we determine that more than ten percent (10%) of the total number of Tags returned to us during each twelve (12) month period beginning on the date we receive the first Equipment Order from your Agency, are free from defects in material and workmanship, your Agency shall pay us all costs associated with handling and inspecting such Tags. In order to receive such payment we must furnish you with written notice and documentation regarding whether the returned Tags are functional, (ii) the serial number of such functional Tags and (iii) the total number of non-functional Tags and their serial numbers. Payment to us shall be due sixty (60) days after the expiration of such twelve (12) month period. Notwithstanding the foregoing, your Agency shall not be liable for such costs stated herein during the initial twelve (12) month period.

e) The foregoing warranties do not extend to (i) experimental or developmental products other than the "enhanced" reader; or (ii) Equipment failures that have as a contributing factor (A) the subjection of the Equipment to misuse, abuse, neglect, power failures or surges (other than those contemplated by the Technical Specifications), lightning, fire, flood, pest damage or accident, or (B) the repair, alteration, installation, modification or attachment to devices or software which have not been supplied by us or our duly licensed manufacturers without our supervision or approval unless we have provided written notice to your Agency that we do not intend to exercise our right to supervise or approve of such activity, or (C) improper storage or maintenance of the Equipment per our written instructions, or (D) the use of the Equipment in material violation of our instructions, or (iii) Equipment that has had its serial numbers or month and year of manufacture removed, defaced or altered.

46. SOFTWARE WARRANTIES

We warrant that, during the Software warranty period set forth in Paragraph 47 hereof, (a) all Application System Software provided by us will be written in a compiled higher level language that is commercially available and for which software tools are available; (b) the Software shall be capable of being copied by your Agency to the extent permitted by the applicable Software license; (c) the Software shall not contain viruses or pre-programmed devices which will cause any Software utilized by your Agency to be erased or become inoperable or incapable of processing accurately and in accordance with the warranties specified herein and with the Technical Specifications; and (d) the Software and each module and function thereof shall be capable of operating fully and correctly on the combination of the Equipment and Software, purchased pursuant to this Irrevocable Offer.

47. SOFTWARE WARRANTY PERIOD

We warrant that, for a period of five (5) years from the delivery of the Application and Operating System Software to your Agency and acceptance by your Agency, the Software shall (i) be free from defects in material and workmanship under normal use and remain in good working order, and (ii) function properly and in conformity with the warranties in this Irrevocable Offer. In addition, during the period provided above, in this Paragraph 47, the Software will perform on the Equipment purchased pursuant to this Irrevocable Offer including updates or new releases to such equipment and software used thereon and interface with other programs and accurately reflect the operation of the Programs, all as required by the Technical Specifications and with the descriptions and documentation set forth herein.

48 RADIO REGULATORY MATTERS

(a) The parties recognize the operation of the in-lane Equipment will require your Agency to obtain necessary radio operating licenses from the Federal Communications Commission ("FCC") under part 90 of the Codes of Federal Regulation or other relevant portion of the regulations. In connection with the foregoing, we shall perform a comprehensive review, at our cost and expense, of all FCC licenses that other parties may hold for equipment operating in close proximity to the locations set forth in Appendix 9.1 of the Technical Specifications. Such review shall be completed no later than sixty (60) days after your Agency's notice to initiate such action. A report of our findings will be submitted on the sixtieth (60th) day. In addition, we shall, at your Agency's direction, perform a spectrum analysis of any of the locations ("Designated License Locations") set forth in Appendix 9.1. Your Agency shall compensate us for such services at the price set forth in Appendix A upon our completion and submission of a report of our findings. Such spectrum analysis must be completed no later than one hundred and twenty (120) days from your Agency's notice to proceed.

We shall also prepare, file and prosecute on your Agency's behalf, all documentation necessary to initially secure a license from the FCC to operate the Equipment (special temporary authorization) and a secondary license for each Designated License Location, where our Equipment will

be installed at no additional cost to your Agency other than applicable filing and license fees, within six (6) months of the date the Equipment is designated for installation at the location. If the FCC grants your Agency the right to submit applications substantially in advance of the scheduled installation date (build-out) then we will prepare, file and prosecute all such documentation within thirty (30) days of your Agency's notice to proceed.

(b) For the five (5) year period beginning on the date we receive the first Equipment Order from the first Participating Agency to place an Equipment Order, we will replace or modify the Equipment at our cost and expense, in the event it suffers radio frequency interference from sources legally permitted to operate in the 902 MHz to 928 MHz band and that results in the in-lane Equipment not functioning in accordance with the requirements of the Technical Specification, provided however that the Equipment can still operate anywhere in the 902-928 MHz range. Your Agency shall cooperate with us in performing our obligations under this subparagraph.

(c) Both parties will exercise their best efforts to oppose any action initiated by any third party before the FCC or by the FCC itself that could adversely affect regional interoperability of the Equipment; and the parties shall cooperate and consult with each other in their opposition to any such action before the FCC and in any court.

(d) In connection with the foregoing, the parties understand that a Petition for Rulemaking has been filed with the FCC by North American Teletrac & Location Technologies, Inc. (RM No. 8013, May 28, 1992 the "PacTel Petition") which, inter alia requests that the FCC grant exclusive rights to portions of the 902-928MHz band to PacTel Teletrac. While this petition is being actively opposed by many parties, including us, a possible grant by the FCC of PacTel's request could adversely affect your Agency's or the Participating Agencies' equipment implementation plans through a requirement to replace lane Equipment or Tags with new equipment or tags compliant with the revised regulations.

(e) If, during the period ending five (5) years after the date on which the first Participating Agency places its first Equipment Order under this agreement resulting from acceptance of this Irrevocable Offer, a Final Decision is rendered with respect to the PacTel Petition or any other action before the FCC or any court which has the effect of denying your Agency use of the 902-928MHZ band for the in-lane Equipment at your Agency's Designated License Locations and at the Participating Agencies' license locations, then the provisions of subparagraph (f) shall apply. A Final Decision shall mean a decision of the FCC or a court that is final and not subject to review or approval.

(f) We shall, at our cost and expense, replace or modify the Equipment to the extent required to enable the Equipment to operate in the 2400-2500 MHz band at the performance levels required by the Technical Specifications. However, if a Final Decision is rendered at any time during the five (5) year period beginning on the date we receive the first Equipment Order from the first of the Participating Agencies to place an Equipment Order, we shall, upon the request of your Agency and such of the Participating

Agencies that have applied for FCC licenses required by subparagraph (a) above, undertake to design and manufacture functionally equivalent ETTM products (the "Revised ETTM Products") that operate in the portion of the spectrum that the FCC has designated as being available for licensing of your Agency's Designated License Locations assuming that it is technically feasible to produce such functionally equivalent products. We shall replace or modify, as applicable, up to 1,000 (insert two year forecast number) of the readers that have been purchased from us for installation at your Agency's Designated License Locations, so that, after replacement or modification, as applicable, your Agency has functionally equivalent ETTM products.

After we have completed the design and testing of the Revised ETTM Products, we shall sell to your Agency and the Participating Agencies, readers, Tags and other items of Equipment to replace the readers, Tags and other items of Equipment purchased by your Agency and other Participating Agencies. We shall negotiate with your Agency and the Participating Agencies in good faith to arrive at a mutually agreeable price to be paid for the readers, Tags and other items of Equipment which your Agency and the Participating Agencies will purchase from us in order to continue their electronic toll collection activities. In connection with such negotiations we will provide your Agency and the Participating Agencies with cost and pricing information relating to the Revised ETTM Products to be purchased by your Agency and the Participating Agencies provided that your Agency and the Participating Agencies execute and deliver to us a confidentiality/non-disclosure agreement relating to such cost and pricing information and containing terms mutually agreeable to us, your Agency and the Participating Agencies.

If we are unable to reach agreement with your Agency and the Participating Agencies concerning the price to be paid for the Revised ETTM Products within ninety (90) days following the date we begin our negotiations concerning such price, your Agency and the Participating Agencies shall be permitted to purchase from us, replacement readers, Tags and other items of Equipment at a price which is one hundred twenty-two percent (122%) of the prices set forth in Attachment A for such reader, Tags and other items of Equipment. We will continue to provide Revised ETTM Products at prices agreed to for the duration of this agreement resulting from acceptance of this Irrevocable Offer.

In addition to the foregoing, your Agency and the Participating Agencies shall be entitled to a credit against the purchase price payable for the Revised ETTM Products. The amount of the credit shall only be applied against the purchase price of Revised ETTM Products which may be purchased by your Agency and the Participating Agencies and shall be based on the amount of Equipment which is returned by your Agency and the Participating Agencies for replacement with Revised ETTM Products. Accordingly, if your Agency and the Participating Agencies do not return any Equipment to us for replacement with Revised ETTM Products, your Agency and the Participating Agencies shall not be entitled to any credit against the purchase price of Revised ETTM Products which may be purchased by your Agency and the Participating Agencies. In addition, if your Agency and the Participating Agencies do not purchase any Revised ETTM products, your Agency and the Participating Agencies shall not be

entitled to any payment from us to reflect the amount of any credit which may otherwise be available based on the return to us of Equipment by your Agency and the Participating Agencies.

If your Agency and the Participating Agencies return Equipment to us, the amount of the credit to the purchase price of Revised ETTM Products shall, provided that the returned Equipment is in good operating equipment, normal wear and tear excepted, be determined as follows:

(i) Equipment returned within twelve (12) months from the date the Equipment is installed shall generate a credit of fifty percent (50%) of the purchase price paid for such Equipment;

(ii) Equipment returned more than twelve (12) months from the date the Equipment is installed but less than or equal to twenty-four (24) months from the date such Equipment is installed shall generate a credit of thirty percent (30%) of the purchase price paid for such Equipment;

(iii) Equipment returned more than twenty four (24) months from the date the Equipment is installed but less than or equal to thirty-six (36) months from the date such equipment is installed shall generate a credit of twenty percent (20%) of the purchase price paid for such Equipment; and

(iv) Equipment returned more than thirty-six (36) months from the date such Equipment is installed shall not generate any credit against the purchase price of Revised ETTM products.

h) We shall bear the cost of installation of any replacement Equipment purchased by your Agency or the Participating Agencies.

i) If your Agency is reimbursed (in whole or in part) from any sources for costs associated with replacing the in-lane Equipment or Tags, then your Agency shall reimburse us for our expenses incurred under this paragraph in an amount not to exceed the lesser of (x) the cost incurred by us in complying with our obligations under subparagraph (f) or (y) the amounts received by your Agency.

j) The term of warranty for any Equipment provided by us pursuant to subparagraph (f) shall be the standard warranty (one year). Moreover, your Agency shall be entitled to receive for any Equipment provided by us pursuant to subparagraph (f) the remaining term of any maintenance and technical services on the Equipment being replaced.

49. REMEDIES FOR BREACH OF WARRANTIES

Our obligation with respect to Paragraph 45 is as follows:

(a) Our obligation with respect to subparagraph 45(a) shall include but not be limited to prompt repair or replacement at our sole cost and expense, including the cost of removal of the unit of Equipment (or part or component thereof) which proves defective or insufficient or proves to have failed to comply with the requirements of the Technical Specifications. Notwithstanding the foregoing, we shall cause such prompt repair or replacement to be completed no later than twenty four (24) hours of your Agency's notification to us of such condition.

b) Our obligation with respect to subparagraph 45(b) is to provide to your Agency, at no additional cost, repair or replacement of any defective Tags returned to our office located at 6020 Ambler Drive, Mississauga, Ontario, Canada L4W 2P1. All such repaired or replaced Tags will be returned to your Agency at our cost and expense. All such warranty work including its delivery to your Agency shall be completed within seven (7) working days from the date we receive the defective Tags.

c) All defective Equipment replaced by us will become our property.

d) In the event that, during the software warranty period described in Paragraph 47 hereof, the Software does not satisfy the conditions of performance set forth in the Technical Specifications, our obligation is to promptly repair or replace such Software at our cost and expense or provide different equipment, software and services required to attain the performance requirements set forth in the Technical Specifications, in our sole discretion. Failure by us to comply with warranty provisions hereof may be deemed by your Agency as a material breach of our obligations hereof.

50. THIRD PARTY WARRANTIES

In addition to the foregoing warranties, we hereby assign to your Agency, and your Agency shall have the benefit of, any and all subcontractors' and suppliers' warranties and representations with respect to the deliverables provided hereunder. In our agreements with subcontractors and suppliers, we shall require that such parties (a) consent to the assignment of such warranties and representations to your Agency, (b) agree to the enforcement of such warranties and representations by your Agency in its own name, and (c) furnish to your Agency, the warranties set forth herein. At your request we will provide you with supporting documentation which confirms that these warranties are enforceable in your Agency's name.

51. ADDITIONAL WARRANTIES

We further represent and warrant that:

(a) We shall comply with all applicable laws and regulations relating to the work;

(b) In performing hereunder, we and our employees, agents and subcontractors, have all necessary rights, authorizations, and licenses to provide all materials and services furnished pursuant to this Irrevocable Offer;

(c) Each of our employees, agents and subcontractors assigned to perform services hereunder shall have the proper skill, training and background so as to be able to perform in a competent and professional manner and that all work will be so performed;

(d) All guarantees and warranties extended hereunder in your Agency's own name are enforceable by your Agency in its own name in accordance with the provisions of applicable law.

(e) We warrant and represent that, for a period of fifteen (15) years from the date we receive the first Equipment Order from the first of the Participating Agencies to place an Equipment Order, we will make available for purchase by your Agency the Equipment and spare parts as set forth in Attachment A and the Software described in Attachment A; provided however that the prices set forth in Attachment A shall only be available for a period of five (5) years beginning on the date we receive the first Equipment Order from the first of the Participating Agencies to place an Equipment Order. Your Agency may purchase such parts (including proprietary parts) from our licensees or from our suppliers and/or subcontractors at their prevailing prices then in effect at the time of purchase.

(f) We warrant and represent that no materials, equipment or supplies or components of any of the foregoing to be furnished hereunder have been manufactured, produced or otherwise have originated in South Africa.

52. TECHNICAL/DESIGN SUPPORT SERVICE

Technical /Design Support Services

a) During the warranty period and at no additional cost to your Agency, we shall provide technical support and maintain the Equipment (including Software) provided by us in good working order, keeping it free from defects such that the Equipment (including Software) provided by us shall perform in accordance with the descriptions in the Technical Specifications and our Proposal dated March 31, 1992 as amended, and with the warrantees herein, and as further defined or modified by the parties. Thereafter your Agency may order such Technical Support Services pursuant to an Equipment Order defined in paragraph 8 herein for a period of twelve (12) months. Thereafter, such terms may be extended by providing written notice to us thirty (30) days prior to the applicable anniversary date.

(b) We shall provide technical assistance pursuant to the subparagraph above, and will remedy any failure, malfunction, defect or non-conformity in the Equipment (including Software) provided by us as follows: we shall respond and render continuous effort to any request for service due to failure, malfunction, defect or non-conformity by telephone response by a qualified and knowledgeable representative within fifteen (15) minutes. In the event the problem is diagnosed as being software related, we shall respond and render continuous efforts, via telecommunications, to remedy the failure, malfunction, defect or non-conformity. If such failure, malfunction, defect or non-conformity cannot be remedied by such means within two (2) hours of receipt of such request, we shall immediately send

at least one (1) qualified and knowledgeable representative and our Designated Service Center will furnish continuous efforts to remedy the failure, malfunction, defect or non-conformity. If we, or any third party software supplier to us of maintenance services fails to respond and remedy any failure, malfunction, defect or non-conformity within seventy-two (72) hours of your Agency's notification, your Agency shall be entitled to liquidated damages from us as set forth in paragraph 58.

(c)

(i) We shall provide your Agency the most current release of all Software available on the date of delivery to maintain optimum performance pursuant to this Irrevocable Officer. We shall properly notify your Agency in writing of any defects or malfunctions in the Software provided by us which we learn from any source. We shall promptly correct all materials defects or malfunctions in such programs and documentation discovered during the term hereof and any extensions and shall promptly provide your Agency with corrected copies of same, without additional charge. If Software can only be corrected in conjunction with additional or revised hardware , the cost of this hardware will be borne solely by us.

(ii) When such updates become available, we shall provide all services, training and support required to install such updates and to convert and reformat any of your Agency's data, if necessary, at no additional cost to your Agency. Without releasing us from our obligations for warranty, support and maintenance of the Software provided by us, your Agency shall have the right to temporarily refuse to install any such updates, if in your Agency's discretion, installation of such updates would interfere with your operations.

(iii) We are required to insure continued satisfactory performance provided by us with the then current operating system of the software.

d)

(i) We shall provide to your Agency enhancements made by us, without additional change to your Agency during the term hereof. Such enhancements will be deemed to include all modifications to the Software which increase the speed, efficiency or ease of operation of the Software provided by us. We warrant that such enhancements shall not adversely affect the performance criteria in the Technical Specifications.

(ii) When such enhancements become available to any Participating Agency, we shall provide to you all services and support required to install such enhancements and to convert and reformat any Agency data, if necessary, at no additional cost to your Agency. Without releasing us from our obligations for warranty, support and maintenance of the Software provided by us, your Agency shall have the right to maintain versions of the Software provided by us which are one or more levels behind the most current version of such Software and to temporarily refuse to install any such

enhancements if, in your Agency's discretion, installation of such enhancements would interfere with your Agency's operations.

(e) In addition to our obligations in subparagraph (b) above, we shall provide support service to your Agency, in connection with its use and operation of the Software provided by us. Telephone consultation which shall be provided by us, and our subcontractors during our Agency's normal business hours, which are herein defined as 8:00 a.m., to 5:00 p.m., Eastern Time, Monday through Friday.

(f) In the event we do not perform the software customization, we shall provide the requisite technical support to your Agency, or your designee, in the event you or your designee performs the software customization as set forth in paragraph 19. Technical support shall consist of design documentation, providing relevant sources code and engineering assistance depending upon the level of effort required. Upon there request of your Agency we shall review any proposed modification to the software and offer a technical opinion as to whether or not the proposed modification will provide the desired functionality and whether the performance of the system in other areas will be negatively affected. We shall have the opportunity to evaluate and/or test the resultant customized software to ensure that the software does not impact system performance except to the extent of the customization itself, in order to maintain all system warranties. We shall respond to your Agency within twenty (20) business days from the submission of your request as to whether the proposed customization is acceptable. If rejected, we shall state the reasons and provide alternatives, where possible notwithstanding any restrictions on confidential use of proprietary information.

g) We agree to provide training services to your Agency to train ten (10) personnel in order to allow them to effectively maintain our Equipment. Such training services shall be at no additional cost to your Agency.

53. MAINTENANCE SERVICES

During the Warranty Periods, we shall provide Maintenance Services for the Equipment and Software, as described herein, to your Agency at no additional cost. Thereafter, your Agency may order such Maintenance Services pursuant to an Equipment Order as further defined in paragraph 8 herein for a period of twelve (12) months. Thereafter, such terms may be extended by providing written notice to us thirty (30) days prior to the applicable anniversary date.

(a)

(i) In the event your Agency should order such maintenance services, we shall maintain the Equipment and Software purchased hereunder, including but not limited to the licensed internal code and firmware, in good condition and working order and in conformity with the warranties set forth in and the Technical Specifications and our Proposal dated March 31, 1992 as amended, and provide service to coordinate maintenance activities for and on behalf of your Agency, and your Agency agrees to accept such services in accordance with the Technical Specifications, the terms

and conditions of this Irrevocable Offer, and our Proposal dated March 31, 1992 as amended.

(ii) If purchased, Maintenance Services shall commence at the end of each Equipment Warranty Period as provided herein, and shall continue for a term of at least one (1) year. Such Maintenance Services shall be designed so as to achieve all the requirements specified herein and in the Technical Specifications and our Proposal dated March 31, 1992 as amended. The prices for such Maintenance Services are set forth in Attachment A, and as may be changed from time to time as defined herein.

(iii) Following expiration of the initial term of Maintenance Services, your Agency shall have the right hereunder, at any time, to perform such Maintenance Services itself or through third parties.

(b)

(i) We shall design and implement a program of preventive maintenance services with respect to the Equipment and Software on a scheduled basis, such schedule to be based upon the particular service required to maintain each individual item of Equipment and Software to the standards set forth in this Irrevocable Offer our Proposal dated March 31, 1992, as amended and in the Technical Specification. Such training and preventive maintenance services will be performed in accordance with the Technical Specifications and our Proposal dated March 31, 1992 as amended.

(ii) In addition to the foregoing, we shall make available to your Agency, all engineering changes to Equipment and updates or enhancements to the Software released during the term of Maintenance Services hereunder. Such updates and enhancements shall be deemed part of the Imbedded Software for purposes of this Irrevocable Offer. For all such changes, equipment updates and enhancements, we shall provide to your Agency such revised documentation as your Agency deems necessary

(c) Diagnostic services to be provided shall consist of:

(i) accepting diagnostic and failure data messages at anytime from the installed equipment to our designated diagnostic service center;

(ii) analyzing the diagnostic messages at our diagnostic service center by means of real-time diagnostic software customized to the installed equipment, thereby detecting the occurrence of abnormal operations and failures;

(iii) immediate analysis of such abnormal conditions and failures by skilled technical personnel;

(iv) formulation of an action plan;

(v) initiation of remedial services including locating and expediting components needed for the repair.

Following any field repair, the diagnostic service center shall confirm and validate the remedial services performed. All diagnostic and failure messages made from your Agency to our diagnostic center will be made to an 800 number which we shall provide and pay for.

(d) We shall provide remedial maintenance services (which include repair and replacement of unserviceable parts) with respect to the Equipment and Imbedded Software on an unscheduled basis. Such remedial maintenance services shall be performed in accordance with the Technical Specifications, and our Proposal dated March 31, 1992 as amended and as follows:

(i) Maintenance service shall be provided, on a twenty-four (24) hour per day, seven (7) days per week basis, upon data messages or telephone request by your Agency, as provided below. We shall perform maintenance within a Mean Time to Repair (MTTR) of thirty (30) minutes after arriving at the maintenance call location, (which arrival shall not be later than 2 hours after receipt of each call for service). The level of maintenance services shall be the same for both peak hour and off-peak hour operations.

(ii) We shall, as part of remedial maintenance hereunder, make repairs and conduct maintenance necessary due to wear and tear and damage as the result of general usage in order to restore the Equipment to full operational status. Such maintenance services shall be considered part of standard maintenance and your Agency shall incur no additional charge therefore.

In the event of damage to the equipment due to circumstances beyond our control such as vandalism and accidents, we shall replace or repair Equipment pursuant to the price schedule for hardware already stated and at a proposed labor rate stated in our cost proposal.

(iii) In the event that we fail to respond within the time parameter stipulated herein, or fail to repair the equipment within the MTTR specified, your Agency shall be entitled to a refund from us of $10.00 per unit for every hour or part thereof after the specified time parameters have expired, that we fail to respond or repair the applicable unit(s) of Equipment.

(e)

(i) We shall provide a level of maintenance service such that each and every item of Equipment to the Technical Proposal and our Proposal dated March 31, 1992 as amended and achieves all the requirements specified herein on a twenty-four (24) hour per day, seven (7) day per week basis.

(ii) We shall provide all parts, materials, labor (including adequate staffing levels to handle all maintenance demands), testing

equipment, tools, vehicles, maintenance facilities and all other items required to perform the maintenance services hereunder.

f) In the event of any failure, malfunction, defect or other problem with the Equipment, your Agency shall call a designated local or 800 telephone number or the failure is detected via our diagnostic service center. We shall respond within fifteen (15) minutes. Upon such determination of a need for remedial maintenance on any Equipment Software covered by this Irrevocable Offer, we will respond as set forth herein, and render continuous efforts to remedy the malfunction, and such efforts shall include, if necessary, additional higher level personnel on site.

(g) Replacement parts shall be either new parts or reconditioned parts, equivalent in performance to new parts when used with the Equipment. Parts removed from the Equipment shall become our property. The cost of replacement parts shall be included in the cost of the maintenance services.

(h) Subject to your Agency's standard security, operating and safety procedures, traffic conditions, working space, terminal and necessary system ID's, we shall have free and full access to the Equipment at all times in the Agency's communication, electrical and utility connections in order to provide services pursuant to this Irrevocable Offer.

(j) For a period of ten (10) years following the expiration of the Software Warranty Period, we agree to provide the software maintenance services described in the Technical Specifications, this Irrevocable Offer and our Proposal dated March 31, 1992 as amended, with respect to the Software provided by us. In addition, we shall at our expense, secure, administer and coordinate for your Agency, maintenance agreements for third party software. We shall secure such maintenance agreements for the same duration and upon the same terms and conditions as the maintenance provisions between us and your Agency as contained herein or upon such conditions as are acceptable to your Agency, in its sole discretion.

(i) We will coordinate, and remain primarily liable for, all maintenance services with respect to the Imbedded Software for and on behalf of your Agency. In providing our coordination activities, we shall at all times perform our obligations so as to minimize your Agency's costs, subject to other requirements such as the need for emergency service.

(ii) We shall serve as a service representative and be the focal point for coordinating maintenance services on all Imbedded Software provided hereunder. The service representative shall serve as a liaison between your Agency and other Equipment and Imbedded Software suppliers and shall serve as a manager for all service requests. In addition, the service representative shall serve as a problem manager and shall track all problems to resolution. The service representative shall coordinate vendor meetings to be held on a bi-weekly basis or more frequently, when needed based on Equipment and Imbedded Software performance.

(iii) When there is a problem of unknown origin we shall: (i) provide the necessary maintenance services described herein and in our Technical Proposal to diagnose and determine beyond reasonable question whether the problem is related to Imbedded Software provided by us and (ii) assist your Agency (including your contractors) in identifying the source of the problem.

54. PRIME CONTRACTOR

a) We assume full responsibility for the delivery and performance of all Equipment, Software warranty and optional technical support and maintenance services provided by us or provided by any suppliers and subcontractors hereunder. Subject to the provisions of subparagraph 57 (a) we may subcontract any portion of the work subject to the prior written consent of your Agency which consent will not be unreasonably withheld or delayed. In addition, under no circumstances, shall any subcontractor or supplier be permitted to enter into any sub-subcontracts for performance hereunder.

b) Your Agency's rights shall not be impaired by any subcontract. Your Agency shall have the right to withdraw their consent to a subcontract if it appears to your Agency that the subcontract will delay, prevent or otherwise impair the performance of our obligations under this Irrevocable Offer and your Agency's concerns regarding such subcontract are not resolved to the reasonable satisfaction of your Agency within sixty (60) days following your Agency's delivery of written notice of such concern to us. The rejection by your Agency of any subcontract may constitute the rejection by the Participating Agencies of such subcontract(s). Your Agency shall also have the right to require termination of any consent to a subcontract if the subcontractor with whom such subcontract exists or if any person who directly controls the activities of such subcontractor has been formally charged by any law enforcement agency with the commission of a felony involving bribery of public officials, corruption, racketeering, fraudulent practices in connection with the performance of governmental contracts, trafficking in narcotics or weapons or any other felony involving moral turpitude. All Subcontractors are required to protect the confidentiality of your Agency's proprietary and confidential information and that of the Participating Agencies as provided in herein.

c) We shall provide to your Agency copies of all subcontracts between ourselves and our Significant Subcontractors and Suppliers (as defined in Paragraph 57(a) hereof) hereunder and we shall provide your Agency copies of all other subcontracts between ourselves and our other subcontractors and suppliers hereunder promptly following our receipt of a written request from your Agency for such documentation. Within each subcontract for the performance of work hereunder, there shall be a clause for the benefit of your Agency permitting your Agency to request completion of performance by the subcontractor of its obligations under the subcontract, in the event your Agency finds us in material breach of our obligations. Within each such subcontract, there shall be a clause granting your Agency the option to pay the subcontractor directly for performance by such subcontractor. Notwithstanding, the foregoing shall neither convey nor imply any obligation or liability on the part of your

Agency to any subcontractor hereunder as more fully described in Paragraph 56.

55. CONSENT OF AGENCY REQUIRED FOR ASSIGNMENT

We shall not, during the term that this Irrevocable Offer is in effect (including any renewal terms), assign, transfer, convey or otherwise dispose of our right, title or interest in or to the same or any part thereof without the prior written consent of your Agency. If we shall, without such prior written consent, assign, transfer, convey or otherwise dispose of our right, title or interest therein, to any other person, company or corporation, this Irrevocable Offer may, at the option of your Agency, be revoked and annulled and your Agency shall thereupon be relieved and discharged from any and all liability and obligations growing out of the same to us and to our assignee or transferee and no right under this Irrevocable Offer to any monies due or to become due hereunder shall be asserted against the Participating Agencies or your Agency at law or in equity by reason of any so-called assignment of this Irrevocable Offer or any part thereof unless authorized as aforesaid by the written consent of your Agency. Notwithstanding, nothing herein contained shall be construed to hinder, prevent or affect any assignment by us for the benefit of our creditors, made pursuant to the statutes of the states of Delaware, New York, New Jersey and the Commonwealth of Pennsylvania which can be treated as an event of default pursuant to subparagraph 59 (a).

56. SUBCONTRACTUAL RELATIONS

By an appropriate written agreement, we shall require each subcontractor, to the extent of the work to be performed by the subcontractor, to be bound to us by the terms hereof, and to assume toward us all the obligations and responsibilities which we, by this Irrevocable Offer, assume toward your Agency and the Participating Agencies. Said agreement shall preserve and protect the rights of your Agency and the Participating Agencies under this Irrevocable Offer with respect to the portions of the work to be performed by the subcontractor so that the subcontracting thereof will not prejudice such rights. In addition to the requirements of Paragraphs 38 and 57, all such subcontracts shall contain provisions specifying:

(a) that the work performed by the subcontractor must be in accordance with the terms of this Irrevocable Offer; and

(b) that nothing contained in such subcontract shall impair the rights of either your Agency, or the Participating Agencies; and

(c) that nothing contained in any such subcontract, shall create any contractual relation between subcontractor and your Agency nor shall any subcontractor be deemed to be a third party beneficiary of any agreement between us and your Agency; and

(d) such subcontractor shall furnish the information required pursuant to paragraph 17 of the Proposer's Qualifications Questionnaire.

(e) The subcontractor shall comply with all laws of Delaware, New Jersey, New York and the Commonwealth of Pennsylvania or any laws applicable to subcontractors selected by us with respect to this Irrevocable Offer.

57. ACCEPTANCE OF SUBCONTRACTORS

a) We shall notify your Agency reasonably in advance of entering into any subcontract if the subcontract conforms to the following criteria:

i) Is to be a cost reimbursement, time and materials or labor hour contract estimated to exceed $25,000 including any fee; or

ii) Is proposed to exceed $100,000; or

iii) Is one of a number of subcontracts with a single subcontractor under this contract for the same materials or related components, materials, that are in the aggregate to exceed $100,000.

For purposes of this Irrevocable Offer, any subcontractor or supplier that enters into any subcontract which satisfies the above criteria shall be deemed to be a "Significant Subcontractor or Supplier".

b) Such advance notification shall include:

i) A description of the supplies or services to be subcontracted; and

ii) Identification of the type of subcontract to be used; and

iii) Identification of the proposed subcontractors and an explanation of why and how the proposed subcontractor(s) was selected, including the terms obtained; and

iv) The proposed subcontract price, our price analysis and, if the subcontract is a cost reimbursement, time and materials or labor hour subcontract, our cost and price analysis; and

v) The subcontractor(s) current, complete and accurate pricing data and a certification thereto and, if the subcontract is a cost reimbursement, time and materials or labor hour contract, the subcontractors current, complete and accurate cost data and a certification thereto.

c) We shall obtain your Agency's written consent before placing any subcontract for which advance notification is required under paragraph (a) above. We shall give your Agency written notice at least thirty (30) days prior to the date we intend to enter into a subcontract which satisfies the criteria set forth in Paragraph (a) above, which notice shall identify the subcontractor or supplier with whom we intend to enter into such subcontract and the date we intend to enter into such subcontract. If your Agency's consent is not given or denied in writing prior to the date identified in our notice as the date we intend to enter into such subcontract, your Agency shall be deemed to have consented to such subcontract.

58. LIQUIDATED DAMAGES

We acknowledge that time is of the essence in the performance of warranty services in connection with defective Equipment. We agree that the amounts set forth below are fair and reasonable as liquidated damages as a result of the delays described below:

a) In the event your Agency notifies us of defective Equipment as defined in Paragraph 45(a) and the Technical Specification, and we fail to repair or replace such defective Equipment within twenty-four (24) hours of your

Agency's notification, then, for each traffic lane within any of your Agency's toll collection plazas which cannot be operated as an electronic toll collection lane because the Equipment used to operate such traffic lane has not been repaired or replaced as required, we shall pay as liquidated damages Five Hundred Dollars ($500.00) per each eight (8) hour shift, or portion thereof, that such traffic lane cannot be operated as an electronic toll collection lane because the Equipment used to operate such traffic lane has not been repaired or replaced.

b) In the event your Agency notifies us of defective Tags as defined in Paragraph 45(b) and we fail to repair or replace such defective Tags within seven (7) days of your sending such defective Tags, we shall pay as liquidated damages for each and every day an amount of $10.00 per day or portion thereof per Tag for each and every day the condition continues; provided however, that in no event shall the total amount of the liquidated damages payable with respect to any defective Tag which has not been repaired or replaced as required exceed an amount equal to the purchase price of the Tag set forth in Attachment A.

c) In the event that we or any third party supplier to us of software maintenance services, fails to remedy on an interim or temporary basis any failure, malfunction, defect or non-conformity of the Software within three (3) days of following our receipt of your Agency's request or, if we or any third party supplier to us of software maintenance services, fail to remedy on a permanent basis within thirty (30) days following our receipt of your Agency's request, then, for each traffic lane within any of your Agency's toll collection plazas which cannot be operated as an electronic toll collection lane because defects, malfunctions, failures or nonconformity in the Software used to operate such lane has not been remedied as required, we shall pay as liquidated damages an amount equal to Five Hundred Dollars ($500.00) per each eight (8) hour shift or portion thereof that such traffic lane cannot be operated as an electronic toll collection lane because the Software used to operate such traffic lane has not been repaired or replaced as required. For purposes of this Paragraph 58(c), an interim or temporary remedy shall be deemed to mean a remedy which, although not permanent in nature, permits the Equipment to be used in the manner intended without material interruptions in the time that the Equipment is being so used.

d) In the event we fail to successfully complete System Integration Testing for the Enhanced Reader within (16) weeks from receipt of the first Equipment Order, submitted by the first Agency or Participating Agency and detailed interface requirements from your Agency, then we shall pay as liquidated damages an amount equal to Five Hundred Dollars ($500) per day or portion thereof until the Enhanced Reader successfully completes System Integration Testing.

e) In the event we fail to respond and remedy any failure malfunction or defect or non-conformity of the tag programmer software within forty-eight (48) hours of receipt of request, we shall pay as liquidated damages Five Hundred Dollars ($500.00) per day or portion thereof until the affected Tag Programming Software is repaired or replaced.

f) In addition in the event we fail to successfully complete System Integration Testing for the Enhanced Reader within nine (9) weeks from receipt of the first Equipment Order and detailed interfacing requirement from subsequent Agencies then we shall pay as liquidated damages an amount equal to Five Hundred Dollars ($500.00) per day or portion thereof. Notwithstanding the foregoing we shall not be obligated to pay liquidated damage in the event of delays resulting from your Agency's or any Participating Agencies failure to meet the requirements set forth in subparagraph 32(b). In addition we will not be responsible for delays caused by other manufacturer's equipment to the extent that such delays are attributable to late deliveries or failure to perform in accordance with its published performance specifications.

g) In addition in the event we fail to successfully complete System Integration Testing for the Basic Reader within nine (9) weeks from receipt of the first Equipment Order and detailed interfacing requirements from subsequent Agencies then we shall pay as liquidated damage an amount equal to Five Hundred Dollars ($500.00) per day or portion thereof. Notwithstanding the foregoing we shall not be obligated to pay liquidated damage in the event of delays resulting from your Agency's or any Participating Agencies failure to meet the requirements set forth in subparagraph 32(b). In addition we will not be responsible for delays caused by other manufacturer's equipment to the extent that such delays are attributable to late deliveries or failures to perform in accordance with its published performance specifications.

h) In no event shall the total of all liquidated damages payable by our company hereunder exceed One Thousand Five Hundred United States dollars (U.S. $1,500.00) per day for each traffic lane which cannot be operated as an electronic toll collection lane because the Equipment or Software used to operate such traffic lane as an electronic toll collection lane has not been repaired, replaced or, in the case of defective Software, remedied, as required under this Paragraph 58. In no event shall the cumulative amount of all liquidated damages payable by our company to any Participating Agency during the time period this Irrevocable Offer is in effect exceed One Million United States dollars (U.S. $1,000,000.00).

59. EVENT OF DEFAULT

a) An Event of Default shall mean a material breach of the obligations we have undertaken pursuant to this Irrevocable Offer. Without limiting the generality of the foregoing and in addition to those instances referred to herein as a material breach, an Event of Default, shall include a determination by your Agency that: (i) we have not delivered Equipment or Software that has been ordered and such delivery is outstanding for thirty (30) calendars days after the Scheduled Delivery Date for other than an Excused Delay; (ii) we have delivered to your Agency and/or Participating Agencies, reports of interim test results which indicate that the Equipment will fall below the required functional and/or performance criteria set forth in the Technical Specifications; (iii) the Equipment proves incapable of meeting the functional and/or performance criteria set forth in the Technical Specifications; (iv) the Equipment procured by your Agency and the Participating Agencies is not compatible as described in the Technical Specifications; (v) we have persistently or repeatedly

refused or failed, except in cases for which an extension of time is provided, to supply enough properly skilled workers or proper materials; (vi) we fail to remedy any radio frequency interferences from other sources as further defined in subparagraph 48 (b) hereof; (vii) we fail to maintain at least one (1) license with a qualified manufacturer as required by Paragraph 1(d) hereof; (viii) we have become insolvent (other than as interdicted by the bankruptcy laws), or have assigned the proceeds of any Equipment Orders received for the benefit of our creditors (except any assignment of proceeds as collateral for any loan), or we have taken advantage of any insolvency statute or debtor/creditor law or our property or affairs have voluntarily been put in the hands of a receiver; (ix) any case, proceeding or other action against our company is commenced in bankruptcy, or seeking reorganization, liquidation or any relief under any bankruptcy, insolvency, reorganization, liquidation, dissolution or other similar act or law of any jurisdiction, which case, proceeding or other action remains undismissed, undischarged or unbonded for a period of sixty (60) days; (x) we have failed to obtain the approval of your Agency and/or the Participating Agencies where required by this Irrevocable Offer; or (xi) we have failed to provide "adequate assurances" as required under subsection (b) below.

In addition to the above, in the event that any Participating Agency that has accepted the terms of this Irrevocable Offer has declared that our company is in default under such Irrevocable Offer, your Agency may, by reason of such declaration of default, declare that an Event of Default has occurred with respect to your Agency.

b) When, in the opinion of your Agency reasonable grounds for uncertainty exist with respect to our ability to perform the work or any portion thereof, pursuant to the terms of this Irrevocable Offer, your Agency may request that we, within the time frame set forth in your Agency's request, provide adequate assurances to your Agency, in writing, of our ability to perform in accordance with terms of this Irrevocable Offer. Until your Agency receives such assurances your Agency, may suspend all payments to us for portions of the work which we have not performed. In the event that we fail to provide to your Agency the requested assurances within the prescribed time frame, your Agency may (i) treat such failure as a repudiation of this Irrevocable Offer, (ii) resort to any remedy for breach provided herein or at law, or (iii) suspend our performance hereunder.

c) Provided that your Agency has not found us in default and if your Agency purchases any equipment, for purposes other than those described in subparagraph 1 (e) hereof, our company shall be entitled to declare that such purchases constitute an Event of Default unless, in our sole and reasonable discretion, your Agency has provided adequate assurances to our company in writing that such purchases were permitted pursuant to the preceding provisions of this sentence or that your Agency has made any such purchases and will not make any other purchases of equipment, or software except those permitted pursuant to this sentence. We shall provide your Agency and each of the Participating Agencies written notice of our intent to declare that an Event of Default has occurred pursuant to provisions of the preceding sentence. Such written notice shall identify equipment or software which is not permitted by this Paragraph 59(c). In the event that your Agency that has made a purchase of equipment or software that is not permitted by this Paragraph 59(c) and failed to provide

us, in our sole and reasonable discretion within thirty (30) days following your receipt of our written notice, adequate assurances that such purchases were permitted pursuant to this Paragraph 59(c) or that no other purchases of equipment or software which are not permitted by this Paragraph 59(c) will be made, our Company shall be entitled, immediately thereafter, to deliver to your Agency, written notice that your Agency has failed to provide us such adequate assurances and is in default under this Irrevocable Offer and, thereafter, an Event of Default shall be deemed to have occurred. In the event that our company declares an Event of Default has occurred with respect to your Agency as provided in the preceding sentence, we shall, immediately thereafter provide written notice to each other Participating Agency that we have declared an Event of Default with respect to your Agency.

Notwithstanding the foregoing, nothing in this Paragraph 59(c) shall be deemed to prohibit your Agency or any of the Participating Agencies from implementing its and their respective procurement processes with respect to the installation of such equipment and software during the final eighteen (18) month period that this Irrevocable Offer is in effect so long as your Agency and/or any Participating Agency does not actually purchase any such equipment and software during such eighteen (18) month period.

60. NOTICE OF DEFAULT/OPPORTUNITY TO CURE

If an Event of Default occurs, your Agency may so notify us ("Default Notice"), specifying the basis(es) for such default. If an Event of Default described in Paragraph 59(a)(ii), (iii), (iv) (vi), (ix) or (x) occurs, your Agency's Default Notice shall advise us that unless such Event of Default shall be rectified to the reasonable satisfaction of your Agency within thirty (30) days following our receipt of such Default Notice, we shall be in default and your Agency shall be entitled to exercise the applicable remedies set forth in Paragraph 61 hereof. If any other Event of Default (except an Event of Default described in Paragraph 59(a)(vii) or (viii)) shall occur, your Agency's Default Notice shall advise us that unless such Event of Default shall be rectified to the reasonable satisfaction of your Agency within fourteen (14) days following our receipt of such Default Notice, we shall be in default and you shall be entitled to exercise the applicable remedies set forth in Paragraph 61 hereof. Notwithstanding, your Agency may, in its sole discretion, extend such fourteen (14) or thirty (30) day periods, as the case may be, for an additional period of such duration as your Agency shall deem appropriate without waiver of any of your Agency's rights hereunder, so long as we have commenced curing such default and are effectuating a cure with diligence and continuity during such fourteen (14) or thirty (30) day period or any other period which your Agency prescribes. The Default Notice shall specify the date we are to discontinue all work (the "Termination Date"), and thereupon we shall discontinue the work upon the Termination Date.

61. REMEDIES IN THE EVENT OF DEFAULT

a) Upon your Agency's termination of this Irrevocable Offer by reason of an Event of Default described in Paragraph 59(a)(ii), (iii), (iv),(iv), (viii) (xi) or, your Agency shall have the right to complete the work with your own forces and/or with other contractors. Your Agency, as part of its right to complete the work, may take possession of and use any or all of the materials, tools, equipment, supplies and property of every kind provided by us including but not limited to all technical specifications, drawings,

source code and object code placed into escrow and/or procure other materials, tools, equipment, supplies and property for the completion of the manufacture and installation of the number of Tags and the number of items of other Equipment to install the number of electronic toll collection lanes which your Agency has estimated it will install as more particularly set forth in Attachment E.

b) If an Event of Default described in Paragraph 59(a)(ii), (iii), (iv), (vii), (viii) or (x) occurs, we shall be liable for all damages resulting from the default, including the difference between the cost associated with the procuring by your Agency of alternative equipment plus any subsequent unit(s) of Equipment purchased hereunder and the amount which your Agency would have been required to pay us at the prices set forth in Attachment A under the terms of this Irrevocable Offer to complete the work to be provided to your Agency as contemplated by the Technical Specifications. All damages may be deducted and paid out of such monies due.

c) Your Agency and the Participating Agencies may also bring any suit or proceeding for specific performance or for an injunction or to recover damages or to obtain any other relief or for any other purpose proper hereunder.

d) If an Event of Default occurs, we acknowledge and agree to assign on a non-exclusive basis, all manufacturing rights to the Equipment purchased hereunder to your Agency. Such assignment shall be irrevocable and shall not release us from any other damage your Agency and/or the Participating Agencies may pursue.

e) Upon the occurrence of an Event of Default described in Paragraph 59(c), all licenses granted to the Participating Agency that we have declared to be in default, whether granted by our Company or any of our subcontractors or suppliers shall be terminated immediately, regardless of the fact that such licenses have been described in this Irrevocable Offer as perpetual and irrevocable and we and our subcontractors, suppliers and duly licensed manufacturers shall have no further liability or obligation to provide any Equipment, Software or other services under this Irrevocable Offer to any such Participating Agency. In addition, if we declare that an Event of Default has occurred with respect to any Participating Agency in accordance with the provisions of Paragraph 59(c) hereof, your Agency and each of the Participating Agencies agree that the prices for the Equipment, spare parts, Software, technical support and maintenance services as set forth in Attachment A shall immediately be increased with respect to all subsequently placed Equipment Orders. The amount of such price increase shall be equal to the percentage contained in Attachment E with respect to the Participating Agency which we have declared to be in default under Paragraph 59(c). In the event that we declare more than one Participating Agency in default pursuant to the provisions of Paragraph 59(c), for each Participating Agency that we have declared to be in default, the prices contained in Attachment A shall be immediately increased by an amount equal to the percentage contained in Attachment E with respect to each such other Participating Agency that we declare to be in default. Notwithstanding the foregoing, in the event that we declare one or more Participating Agencies to be in default in accordance with the

provisions of Paragraph 59(c) and, at the end of the five (5) year period beginning on the date we receive the first Equipment Order from the first of the Participating Agencies to place an Equipment Order we have received Equipment Orders from each of the Participating Agencies which provide for aggregate purchases from our company and our duly licensed manufacturers of Equipment, spare parts and Software in an amount which is at least equal to the aggregate number of purchases of Equipment, spare parts and Software that was to be purchased by such defaulted Agency(ies) as more particularly described in Attachment E, we shall, within ninety (90) days following the end of such period return to your Agency and cause our duly licensed manufacturers to return the amount, if any, which your Agency has paid to our company or our duly licensed manufacturers in excess of the amounts which your Agency would have paid had the price increases provided for in this Paragraph 61(e) not occurred.

62. YOUR AGENCY MAY AVAIL ITSELF OF ALL REMEDIES

Upon the occurrence of an Event of Default by us and the termination of this Irrevocable Offer by your Agency, except to the extent otherwise specifically limited by the terms of this Irrevocable Offer, your Agency may avail itself of each and every remedy herein specifically given to it now or hereinafter existing at law or in equity, and each and every such remedy shall be in addition to every other remedy so specifically given or otherwise so existing and may be exercised from time to time and as often and in such order as may be deemed expedient by your Agency, and the exercise, or the beginning of the exercise, of one remedy shall not be deemed to be a waiver of the right to exercise, at the same time or thereafter, any other remedy.

63. DULY AUTHORIZED.

We make the following representations:

(a) We are a corporation duly organized, existing and in good standing under the laws of Delaware and are qualified and in good standing as a foreign corporation under the laws of any jurisdiction where the ownership of our assets or the conduct of our business require us to be so qualified;

(b) We are qualified to do business in the states of Delaware, New York, New Jersey and the Commonwealth of Pennsylvania and are in good standing as a foreign or domestic corporation under the laws of such states;

(c) There is no action, suit or proceeding pending or, to the best of our knowledge, threatened against or affecting us before or by any court, administrative agency or other governmental authority which will in any way impair our ability to perform all of our obligations hereunder, or which otherwise brings into question the enforceability or validity of the transactions contemplated by this Irrevocable Offer;

(d) Our execution, delivery, and performance pursuant to this Irrevocable Offer has been duly authorized by all appropriate corporate action on our part and this Irrevocable Offer, constitutes the valid and binding obligation of ourselves enforceable against us in accordance with the terms hereof;

(e) Neither the extension of this Irrevocable Offer, nor the consummation by us of the transactions contemplated hereby, nor compliance by us with the provisions hereof, conflicts with or results in a breach of any of the provisions of the Certificate of Incorporation, the Articles of Incorporation or the By-laws of our company or any amendments thereto, or any applicable law, judgment, order, writ, injunction, decree, rule or regulation of any court, administrative agency or other governmental authority, or of any agreement or other instrument to which we are a party or by which it is bound, or constitute a default under any provision thereof.

64. FINANCIAL INFORMATION

We represent and warrant that the financial statements which have been supplied to your Agency in accordance with the RFT/RFP fairly represent the financial condition of our company and its parent company, if any, as of the date thereof in accordance with generally accepted accounting principles consistently applied. We further represent that there have been no material adverse changes in our financial condition from the date of such financial statements to the date hereof.

65. PROCUREMENT OF AGREEMENT

(a) We represent and warrant that no payment, gift or thing of value has been made, given or promised to obtain this or any other agreement between the parties or between us and any of the Participating Agencies. We make such representation and warranty to induce your Agency to purchase Equipment and license the Software and we acknowledge that your Agency has relied upon this representation.

(b) In addition to the foregoing, we warrant that no gratuities have been offered or given, or will be offered or given, by our Company, our employees, any of our affiliates or any of their employees, to any official or employee of your Agency or any of the Participating Agencies with a view toward securing favorable treatment in the awarding, amending, or evaluating our performance hereof.

(c) For a breach or violation of such representations or warranties, your Agency shall have the right to find us in default and to recover all monies paid hereunder and we shall not make claim for, or be entitled to recover, any sum or sums due hereunder. This remedy, if effected, shall not constitute the sole remedy afforded for falsity or breach, nor shall it constitute a waiver of your Agency's right to claim damages or refuse payment or to take any other action provided for by law or pursuant to this Irrevocable Offer.

66. CONFLICT OF INTEREST

We represent and warrant that neither we nor any of our directors, officers, members, partners or employees, have any interest nor shall they acquire any interest, directly or indirectly, which would or may conflict in any manner or degree with the performance or rendering of the services herein provided. We further represent and warrant that in the performance hereof, no person having such interest or possible interest shall be employed by us. We further agree to comply with all applicable conflict of interest or code of ethics laws of the states of New York, New Jersey, Delaware or the Commonwealth of Pennsylvania.

67. FAIR PRACTICES

We represent, warrant and certify, under penalty of perjury, that to the best of our knowledge and belief:

(a) The prices in Attachment A have been arrived at independently without collusion, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other bidder or with any competitor;

(b) Unless otherwise required by law, the prices which are set forth in Attachment A, have not been knowingly disclosed by us prior to the submission of proposals, directly or indirectly, to any other prospective proposer or to any competitor; and

(c) No attempt has been made or will be made by us to induce any other person, partnership or corporation to submit or not to submit a proposal for the purpose of restricting competition. The fact that we have (i) published price lists, rates, or tariffs covering items being procured, (ii) informed prospective customers of proposed or pending publication of new or revised price lists for such items, or (iii) sold the same items to other customers at the same prices proposed or agreed upon, does not constitute, per se, a disclosure within the meaning of the above.

68. NO DEFAULTER

We represent and warrant that we are not in arrears to your Agency or any of the Participating Agencies upon a debt or agreement and are not a defaulter as a surety or otherwise upon any obligation to your Agency or any of the Participating Agencies. In addition, we warrant that we have not been declared not responsible or been disqualified or debarred or suspended by any state or local government entity in the States of New York, New Jersey, Delaware or the Commonwealth of Pennsylvania or by any public entity of the States of New York, New Jersey or Delaware or the Commonwealth of Pennsylvania nor is there any proceeding pending pertaining to our responsibility or qualification to receive public agreements.

69. DISCLOSURE

Except as has been specifically disclosed to your Agency in writing we hereby represent that, to the best of our knowledge, neither our company nor any of our personnel have been the subject of any investigation nor have any of them been convicted or indicted for commission of any crime involving misconduct, corruption, bribery, or fraud in connection with any public contract in another jurisdiction, and that, should any such

conviction or indictment be obtained or any such investigation commenced prior to the expiration of the term hereof, regardless of the date of the occurrence giving rise to the subject matter of such conviction, indictment or investigation, it will be disclosed in writing to your Agency and the Participating Agencies. Breach of this provision shall constitute a material breach hereof.

70. GRAND JURY TESTIMONY

If a member, partner, director or officer of our company, when called as a witness before a grand jury, governmental department, commission, agency or any other body which is empowered to compel the attendance of witnesses and to examine them under oath, refuses to testify in an investigation or to answer any relevant questions concerning any transaction or contract entered into with the States of New York, New Jersey, Delaware or the Commonwealth of Pennsylvania or any political subdivision thereof, when immunity has been granted to the witness against subsequent use of such testimony, or any evidence derived therefrom in any subsequent criminal proceeding:

(a) We acknowledge and agree that such individual who is a member, partner, director or officer of our company, shall be disqualified for a period of five years after such refusal, or until such disqualification has been removed pursuant to Section 2877 of the New York Public Authorities Law and/or any other such applicable law of the state(s) of New York, New Jersey, Delaware or the Commonwealth of Pennsylvania from submitting bids for or entering into or obtaining any contracts, leases, permits or licenses with any state or local government entity in the states of New York, New Jersey, Delaware or the Commonwealth of Pennsylvania or submitting bids for or entering into or obtaining any contracts, leases, permits or licenses which will be paid out of any monies under the control of or collected by any such state/local governmental entities in the states of New York, New Jersey, Delaware or the Commonwealth of Pennsylvania and shall be subject to such other action appropriate under the circumstances, and

(b) This Irrevocable Offer and any and all such existing contracts, leases, permits or licenses made with or obtained by us or such individual who is a member, partner, director or officer of our company, may be cancelled or terminated by your Agency or be subject to such action as is appropriate under the circumstances, without incurring any penalty or damages on account of such cancellation or termination, but any monies owing for goods delivered, work done, or rentals, permit or license fees due, prior to the cancellation or termination, shall be paid.

71. EXTRA WORK

a) No Oral Changes: Except to the extent expressly set forth in this Irrevocable Offer, no change in or modification, termination or discharge of this Irrevocable Offer or any part hereof, in any form whatsoever, shall be valid or enforceable unless it is in writing and signed by the party to be charged therewith or its duly authorized representative which, in the case of your Agency shall be (left blank).

b) Clarifications and Explanations:

(i) Your Agency shall have the right through its duly authorized representative during the term hereof to clarify the Technical

Specifications and to add explanations, neither of which shall be deemed a change to the Technical Specifications.

(ii) Such clarifications and explanations shall be executed by us at no additional cost.

c) Extra Work: Extra Work shall consist of only such additions, deletions or other revisions to the work which represent a substantial change from the Technical Specifications. Extra Work shall only be performed pursuant to written orders of your Agency's authorized representative expressly and unmistakably indicating his intention to treat the work described therein as Extra Work.

d) Extra Work Procedure and Basis for Payment.

i) Extra Work shall result in an equitable adjustable (increase or decrease) to the prices set forth herein, if applicable, representing the reasonable costs or the reasonable financial savings related to the change and approved by your Agency in advance. Our reasonable costs related to the change shall be limited to the cost of materials, including sales tax, cost of delivery, and the cost of labor. Extra Work may result in acceleration or deceleration in any effected Scheduled Delivery Date(s) for performance of both the the Extra Work and any other work directly affected by the Extra Work.

ii) Your Agency shall initiate the Extra Work procedure by a notice to us ("Notice of Proposed Change Order") setting forth the proposed Extra Work. Within ten (10) business day thereafter, we shall provide to your authorized representative a detailed Change Order Proposal which includes proposed adjustments to the applicable prices set for the herein and schedule for performance. The Change Order Proposal may be accepted by the Agency or modified by negotiations between us and your Agency, whereupon a written Extra Work Order shall be executed by both parties.

e) Extra Work Directives

i) If the parties fail to reach agreement with respect to the proposed Extra Work which is necessary to bring a specific toll lane into service utilizing our Equipment and/or Software, your authorized representative may nevertheless direct us to proceed with the Proposed Extra Work ("Extra Work Directive"). Prior to the Extra Work Directive, your authorized representative may modify the proposed Extra Work set forth in the Notice of Proposed Change Order by submitting another Notice of Proposed Change Order in accordance with the section above. Immediately upon receipt, we shall be obligated to proceed in accordance with the Extra Work directive.

ii) As a prerequisite to initiating the dispute process with your Agency involving any aspect of the Extra Work or to instituting any action or proceeding to recover compensation for Extra Work,

we must furnish a written statement to you authorized representative within five (5) days of the Extra Work Directive. Notwithstanding, such dispute must be related to a specific matters raised or specific matters reserved by us in the Change Order Proposals and (b) have not been resolved prior to the issuance of the Extra Work Directive. The written statement must set forth all details of our claims including the manner that the disputed item was specified in the Change Order Proposal. During the pendency of any dispute hereunder, we must proceed with the work as set for in the Extra Work Directive unless otherwise advised by your authorized representative in writing.

Supporting Documentation, We shall furnish your Agency weekly status reports regarding the Extra Work, including such documentation as your Agency may require to support all costs of the Extra Work or disputed extra work. We agree to maintain and furnish you with time and materials records which substantiate our costs for disputed Extra Work.

72. MOST FAVORED CUSTOMER

We agree to treat your Agency and each of the Participating Agencies as our most favored customers in North America during the five (5) year period beginning on the date we receive the first Equipment Order from the first of the Participating Agencies to place an Equipment Order. We represent that, during the five (5) year period beginning on the date we receive the first Equipment Order from the first Participating Agency to place an Equipment Order, all of the prices, warranties, benefits and other terms being provided hereunder are equal to or better than the terms being offered by us to our current customers whose operations are located in North America. If, during the five (5) year period, and any extension period beginning on the date we receive the first Equipment Order from the first Participating Agency to place an Equipment Order, we enter into an agreement with any other customer whose operations are located in North America providing such customer with more favorable terms, then this Irrevocable Offer will be deemed appropriately amended to provide such terms to your Agency. We shall promptly provide your Agency with any refund or credits thereby created.

73. NO PUBLICITY

Except as may be required by law, we and our employees, agents, subcontractors and suppliers will not represent, directly or indirectly, that any product or service provided by us or such parties has been approved or endorsed by your Agency. We will not make any announcements or release any information concerning this Irrevocable Offer or any part hereof to any member of the public, press or any official body, unless we have obtained, in each instance, the prior written consent of your Agency.

74. RESPONSIBILITY FOR INJURIES TO PERSONS AND PROPERTY

(a) We shall be solely responsible for (i) all injuries (including death) to persons, including but not limited to employees of our company and subcontractors and (ii) damage to property, by us or our subcontractors arising out of the performance of the work described in this Irrevocable Offer by our company or our subcontractor(s). Our liability hereunder shall be limited to such injuries or damages occurring on account of, or in

connection with, the performance by our company of the work, regardless of where the injury or damage occurs, but in negligence actions, shall exclude injuries to persons and damage to property to the extent caused by the negligence of your Agency.

(b) At any time that we are directly involved in or supervise the performance of installation, technical support, maintenance, warranty service or Equipment delivery at facilities under your dominion or control, we shall, be solely responsible for the support, maintenance, safety and protection of your Agency's purchased Equipment and Software, and for the safety and protection of all persons and of all property directly affected by the performance of such work, and shall be solely responsible and liable for any injury (including death) or damage related thereto.

(c) We expressly represent that if our Equipment is installed and placed into operation by our company or our subcontractor, no damage to existing facilities, walls or other parts of adjacent, abutting or overhead buildings, railroads, bridges, structures, surfaces will, nor will any physical/mental damage to any patron utilizing any unit(s) of Equipment, occur as a direct or indirect result of such installation or placement into operation.

(d) Nothing herein shall be deemed to absolve us from liability or responsibility for injuries or damage to persons or property due to defects in our Equipment.

(e) We shall be responsible for any loss or damage to property arising from the performance of warranty or optional maintenance or technical support services and caused, either directly or indirectly, by the fault, negligence or willful misconduct of our Company, its officers, employees, agents or subcontractors.

(f) In the event that such property is lost or damaged, except for normal wear and tear, then your Agency shall have the right to withhold further payments hereunder for the purpose of set-off, in sufficient sums to cover such loss or damage.

(g) We agree to indemnify and defend your Agency and hold it harmless from any and all liability or claim of damages due to any such loss or damage to any property described in this paragraph.

(h) The rights and remedies provided herein shall not be exclusive and are in addition to any other rights and remedies provided by law or this Irrevocable Offer.

75. INDEMNIFICATION AND INSURANCE

(a) We shall indemnify defend and hold harmless your Agency from and against any cost, expense, loss or liability, including reasonable attorneys' fees, arising in connection with any and all claims on account of injuries to persons (including death) or damage to property, to the extent that any such injuries or property damage are caused by our negligence or the negligence of our subcontractors. Notwithstanding the foregoing, we shall have no obligation to indemnify your Agency unless your Agency

provides us prompt written notice of the existence of any claim or suit against which your Agency claims it is entitled to be indemnified by us and your Agency provides us the full opportunity and authority to settle and defend any such claim of suit. In connection with our obligation to indemnify your Agency as provided for herein, your Agency agrees that it will provide to us all information which we reasonably request in connection with our defense against such claim or suit. Notwithstanding the foregoing in the case of injuries to person or damage to property predicated upon product liability we shall indemnify and hold indemnify defend and hold harmless your Agency from loss and liability regardless of the legal basis of the claim

(b) The terms "cost, expense loss or liability", as used herein, shall be deemed to include, but not be limited to, liability for the payment of workers' compensation under the Workers' Compensation Law of the states of New York, New Jersey and Delaware and the Commonwealth of Pennsylvania and judgments under the Federal Employees' Liability Act or similar statutes.

(c) Your Agency's approval of the methods of performance or the failure by your Agency to call attention to improper or inadequate methods or to require a change in methods or to direct us to take any particular precautions or to refrain from doing any particular thing shall not excuse us in case of any such injury to person or damage to property.

(d) In the event that any damage shall occur to any part of the equipment used in connection with your Agency's toll collection system and such damage arises on account of the delivered Equipment and for which we are responsible, your Agency shall have the right to cause such damage to be repaired and to charge the expense of such repairs to us. In the event that such work is performed by your Agency then your Agency may deduct such sum from any monies due or to become due to us hereunder or under any other agreement between us and your Agency.

(e) The provisions of paragraph (a) above shall apply to our subcontractors and our suppliers and their officers, agents and employees in all respects as if they were employees of our company. We shall not be discharged from any of our obligations and liabilities under paragraph (a) above by reason of subcontracting, but shall be liable for all acts and omissions of our subcontractors, and their officers, agents and employees as if they were employees of our company.

(f) We shall take out and maintain during the term of the Irrevocable Offer, including any options exercised by your Agency, a Comprehensive General Liability insurance policy (including contractual Liability coverage) issued by an insurance company approved by your Agency, insuring our company and naming your Agency as an additional insured with a combined single limit for injuries to persons (including death) and for damage to property of one million dollars ($1,000,000.00) per occurrence.

Upon demand, we will provide you with a Certificate of Insurance naming your Agency as additional insureds. Each certificate shall contain agreement by the insurance company issuing the policy that the policy

will not be cancelled, terminated or modified without thirty (30) days prior written notice to your Agency. At least two (2) weeks prior to the expiration of the original policy or any renewal thereof, we shall deliver a new certificate of insurance evidencing coverage for the insurance specified herein.

The insurance shall remain in force at all times during the life of this Irrevocable Offer, along with such additional insurance policies necessary to obtain required permits or otherwise comply with applicable law, ordinances or regulations regarding the performance of the work contemplated by this Irrevocable Offer and the Technical Specifications, including without limitation, workers compensation and disability coverage.

(g) If, at any time during the period hereof, insurance as herein required is not in effect, your Agency shall have the option during such period to (i) direct us to suspend work with no additional cost or extension of time due on account thereof; (ii) obtain insurance providing coverage equal to that required above, with the cost of such insurance immediately payable by us to your Agency; or (iii) declare us in default and provide us a Default Notice regarding the same.

76. EQUAL OPPORTUNITY FOR MINORITY GROUP MEMBERS AND WOMEN

(a) Our company warrants and represents that we will not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and will undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination. For purposes of this paragraph, affirmative action shall mean recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff or termination, and rates of pay or other forms of compensation.

(b) Upon request from your Agency, we shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding to furnish a written statement that such employment agency, labor union or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will affirmatively cooperate in the implementation of our obligations herein.

(c) We shall state, in all solicitations or advertisements for employees that, in connection with our performance pursuant to this Irrevocable Offer, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

(d) We will include the provisions of paragraphs (a), (b) and (c), above, in every subcontract, in such a manner that the provisions will be binding upon each subcontractor as to work in connection with this Irrevocable Offer.

(e) We also agree to be bound by the specific Affirmative Action laws of the state(s) of New York, New Jersey (more specifically, P.L. 1975 c. 127) and Delaware and the Commonwealth of Pennsylvania.

77. DISADVANTAGED/MINORITY/WOMEN BUSINESS ENTERPRISES

a) We acknowledge that your Agency and the Participating Agencies encourage our utilization of Disadvantaged Business Enterprises (DBE's) in the performance of the work as described herein. We shall make reasonable good faith efforts to assure that DBE's participate in and perform work resulting from this agreement. The Agencies and the Participating Agencies have attached a goal which we agree to exercise our good faith efforts to achieve.

This goal, expressed as a percentage of the aggregate value of all Equipment Orders issued by your Agency is:

DBE Participation Goal: 10%.

b) DEFINITIONS

1. "Disadvantaged Business Enterprise" or "DBE" (to include Minority/Women Business Enterprise) as used herein is defined as a small business concern, as defined in United States Department of Transportation (U.S. DOT) Regulations at 49 CFR Part 23, and Section (3) of the Small Business Act and implementing regulations, which is owned and controlled by one or more socially and economically disadvantaged individuals. For the purpose of this part, owned and controlled means a business which is at least fifty one percent (51%) owned by one or more socially and economically disadvantaged individuals or, in the case of a publicly owned business, at least fifty one percent (51%) of the stock of which is owned by one or more socially and economically disadvantaged individuals; and whose management and daily business operations are controlled by one or more such individuals.

2. Socially and economically disadvantaged individual, is an individual who is a citizen or lawful permanent resident of the United States and who is a:

a) Black American (as person having origins in any of the Black racial groups of Africa;

b) Hispanic American (a person whose culture or origin is rooted in Mexico, Puerto Rico, Cuba, Central or South America, Spain or Portugal, regardless of race);

c) Asian-Pacific American (a person having origins in any of the original people of Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U.S. Trust Territories of the Pacific and Northern Marianas);

d) Native American (a person having origins in any of the original people of North America which includes American Indians, Eskimos, Aleuts or Native Hawaiian);

e) Women (regardless of race or ethnicity);

g) Members of other groups, or other individuals found to be economically and socially disadvantaged by any of the Participating Agencies or by the Small Business Administration under Section B (a) of the Small Business Act, as amended (15 U.S.C. 637 (a)).

3. "Certification" means a written record which denotes that the firm has been certified as a bonafide D/M/WBE by either the U.S. Department of Transportation Regulations 49 C.F.R. Part 23 or by any of the Participating Agencies be a warranty that the business is qualified to perform the portion of the work required by our agreement with them.

In the event such proposed D/M/WBE firms have not been certified by your Agency, then we shall request that such firm complete the documentation in connection with attaining your Agency's certification. In addition, in the event your Agency determines that the firm identified as a D/M/WBE subcontractor is not a bonafide D/M/WBE, we shall inform the firm and be afforded the opportunity to substitute a bonafide DBE for your Agency's and the Participating Agencies' consideration with respect to DBE status.

c. DBE Obligation

We will not discriminate in the selection of subcontractors in the performance of the work on the basis of race, color, national origin, or sex.

d. CREDIT TOWARDS DBE GOAL

1. No credit toward realizing the DBE goal will be allowed unless the subcontractor has been certified as a DBE by a Federal agency, by any government agency pursuant to U.S. DOT regulations or as an MBE or WBE by any of the Participating Agencies.

2. Only work actually performed by a certified D/M/WBE will be credited to the DBE goal.

e. REPORTING AND RECORDKEEPING

We shall provide documentation concerning our performance in meeting the DBE goal during the term hereof.

1. As we enter into subcontract agreement(s) with the DBE's, we shall furnish copies of such agreements to your Agency within 30 days of their execution.

2. We will submit quarterly reports to your Agency regarding our progress towards meeting the DBE goal.

We will promptly notify your Agency of any situation in which any regularly scheduled payment is not made to a DBE. Such notification in and of itself shall not impose any payment obligation on your Agency.

78. INVESTIGATION

a) We agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by the states of New York, New Jersey and Delaware and the Commonwealth of Pennsylvania or conducted by any governmental agency or authority that is empowered directly by or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General or other Official of a governmental agency that is a party in interest to this Irrevocable Offer or any other governmental body of the relevant jurisdiction authorized to investigate or make inquiry about this Irrevocable Offer.

b) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify (i) before a grand jury or such governmental agency or authority concerning the award of or performance under this Irrevocable Offer; or (ii) for a reason other than the assertion of his or her privilege against self-incrimination, then your Agency shall convene a hearing, upon not less than five (5) days written notice to the parties involved to determine if any penalties should attached for the failure of such person to testify.

(c) In addition to and notwithstanding any other provision of this Irrevocable Offer, your Agency may, in its sole discretion, terminate this Irrevocable Offer upon three (3) days written notice in the event we fail to promptly report to your Agency in writing, any solicitation of money, goods, requests for future employment or other benefit or thing of value, by or on behalf of an employee of your Agency or other person, firm, corporation or entity for any purpose which may be related to the procurement or obtaining of this irrevocable by us, or affecting the performance of this work.

79. SEVERABILITY

If this Irrevocable Offer contains any provision found to be unlawful, the same shall be deemed to be of no effect and shall be deemed stricken from this Irrevocable Offer

without affecting the binding force of this Irrevocable Offer as it shall remain after omitting such provision.

80. ANTITRUST ASSIGNMENT

We hereby assign, sell and transfer to your Agency all right, title and interest in and to any claims and causes of action arising under the antitrust laws of the states of New York, New Jersey and Delaware and the Commonwealth of Pennsylvania or of the United States relating to the particular goods or services purchased or procured by your Agency hereunder.

81. GOVERNING LAW

This Irrevocable Offer shall be deemed executed in the state in which your Agency was created, and shall be governed by and construed in accordance with its laws. All legal proceedings relating to the subject matter of this Irrevocable Offer shall be maintained in either the appropriate Federal or state court sitting within the county and state of the principal office of your Agency. Provided that no Federal court sits within the country of your principal offices then such proceedings may be maintained in a Federal court within the Federal district of your principal offices. Both parties consent and agree that jurisdiction and venue for such proceedings shall be exclusively with such courts.

(a) If your Agency initiates any action against us, service of process may be made on us either in person wherever we may be found, or by registered or certified mail addressed to us at our company address, or to such other address as we may provide to your Agency.

(b) With respect to any action between your Agency and us commenced in the state court of your Agency, we hereby expressly waive and relinquish any rights we may otherwise have (i) to move to dismiss on grounds of forum non convenience, (ii) to remove to Federal Court; and (iii) to move for a change of venue to outside the county of your principal offices.

(c) With respect to any action between your Agency and ourselves in Federal Court, we expressly waive and relinquish any rights we may otherwise have to move to transfer the action to a United States Court outside the Federal district in which your principal offices are located.

(d) If we commence any action against your Agency in a court located outside the state and county of your principal offices, upon request of your Agency, we shall either consent to a transfer of the action to a court of competent jurisdiction located in the state and county of your principal offices or, if the court where the action is initially brought will not or cannot transfer the action, we shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of competent jurisdiction in the state and county of your principal offices.

82. WAIVER

A failure of either party to exercise any right provided for in this Irrevocable Offer shall not be deemed to be a waiver of any right hereunder. Any waiver by either party of a breach of any provision of this Irrevocable Offer shall not be deemed to be a waiver of

any other or subsequent breach and shall not be construed to be a modification of the terms of this Irrevocable Offer unless and until agreed to in writing by the parties hereto.

83. COMPLIANCE WITH LAW

We warrant that we will comply with all applicable laws, all applicable requirements of governmental agencies and departments in the jurisdiction where work is performed, and all safety regulations of your Agency, in our performance of our obligations hereunder.

84. REMEDIES

The rights and remedies of your Agency as set forth in this Irrevocable Offer are not exclusive and are in addition to any other rights and remedies available to it in law or in equity.

85. NOTICES

All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given (a) if delivered by hand when delivered; (b) if by telex, telecopy, cable or overnight delivery when received, or (c) if by mail, five (5) days after being mailed, certified or registered mail, with postage prepaid:

(a) if to your Agency, to:

Mr. --------

---

or to such other person or address as your Agency shall furnish to us in writing; and

(b) if to our Company, to:

Mr. ---
Mark IV Industries Inc.
6020 Ambler Drive
Mississauga, Canada L4W 2P1

86. SURVIVAL OF OBLIGATIONS

The parties acknowledge that many of the obligations in this Irrevocable Offer will survive the term, termination or cancellation hereof. Accordingly, the respective obligations of our company and your Agency under this Irrevocable Offer which by their nature would continue beyond the termination, cancellation or expiration hereof, shall survive termination, cancellation or expiration hereof.

87. NEGOTIATED AGREEMENT

The Irrevocable Offer reflects the negotiation and agreement of the parties.

88. GENERAL PROVISIONS

a) We and your Agency or any Participating Agency are independent contractors, and nothing herein shall be construed to constitute your Agency or any Participating Agency an agent, employee, consignee, partner or joint venturer of ours.

b) The headings, captions and arrangements used in this Irrevocable Offer are for convenience only and shall not be deemed to limit, amplify or modify the terms of this Irrevocable Offer, nor affect the meaning thereof.

c) If this Irrevocable Offer is accepted by your Agency, the resultant agreement (including the Technical Specifications these Terms and Conditions and our proposal dated March 31, 1992 as amended) shall constitute the complete agreement between the parties with respect hereto and supersedes all previous communications and representations or agreements, whether written or oral, with respect to the subject matter hereof. No modification to the resultant agreement shall be binding upon the parties hereto unless acknowledged in writing by their duly authorized representatives.

IN WITNESS WHEREOF, we irrevocably extend this offer to your Agency as of the date set forth below.

By:

Name: T. Martin Capper

Title: President

Date: October 26, 2001

CERTIFICATE OF RESOLUTION

The following is a true and correct copy of a resolution duly adopted by consent by the Board of Directors of Mark IV Industries, Inc., a Delaware corporation:

"Resolved, that John J. Byrne, Vice President, for Mark IV Industries, Inc. be hereby empowered and authorized to execute and deliver the attached Irrevocable Offer for the period of time set forth therein pursuant to the terms and condition described therein, on behalf of Mark IV Industries, Inc. for the furnish and delivery of Equipment and/or Software certain warranty services optional maintenance services; optional technical support services; optional installation services; and certain other attendant services; and said Vice President be empowered and authorized to do such other and further things as may be desirable or necessary in his estimation with respect to such Irrevocable Offer and any other supplementary agreement that maybe result hereupon to execution on behalf of Mark IV Industries, Inc. pursuant to such Irrevocable Offer.

Given under my hand, and the seal of this corporation on this 22nd day of April, 1994, by the undersigned Secretary of Mark IV Industries, Inc.

(SEAL)

_____
Name

Secretary, _____

Proposers are to insert the applicable information for all items of Equipment, Software and spare parts proposed and include this information in its proposal submission.

MAKE	MODEL NO.	DESCRIPTION	PRICE

ATTACHMENT A

Description Part Number Unit Pricing	
Roadcheck™ Reader System (Basic 8 Lane redundant sytem) 92-4-036	$11,940.00[1]
Roadcheck™ Reader System (Basic 8 lane non-redundant system) 90-4-019	6,000.00[1]
Roadcheck™ In-Pavement & Above Ground Lane Kits (per lane) 91-1-466	2,050.00[1,3]
Interior Transponder (FPT format) 90-4-020-1	22.50[1,2,4]
Exterior Transponder (LPT format) 90-4-020-2	28.30[1,2]
Interior Transponder (FPT format) with case for exterior use 90-4-020-20	28.00[1,2]
Portable Reader 90-4-175	4,800.00[1]
Portable Programmer 90-4-375	4,800.00[1]
Enhanced Reader (Redundant) does not include LEC module 92-4-036-10	14,780.00[1]
Enhanced Reader (Non-Redundant) 92-4-036-11	7,965.00[1]
Lane Equipment Combiner (LEC) 92-4-036-30	3,950.00[1]
Compact Reader 92-4-063-10	4,740.00[1]
Extension Kit 91-1-427	1,000.00[1]
Cabinet 700-299	1,000.00[1]

ATTACHMENT A

Optional Memory for LEC (10,000 tags)
92-4-036-31

400.00[1]

Optional Protective Pouch (Transponder)
90-4-024

0.25[1]

NOTE: 1) All prices are firm for 5 years from the first order from the first participating agency.

2) Labels for Transponders - additional .19 per Transponder

3) Lane Kits that are required to ensure the system's performance in accordance with the Technical Specification, in excess of one (1) per instrumented lane, shall be furnished at no additional cost to the agency. Whenever the agency determines in it sole and absolute discretion that additional Lane Kits are required to ensure system performance your agency's determination regarding the need for additional Lane Kits to meet the performance requirement shall be final and binding on us.

4) Add up to $2.50 per Transponder for removal detection feature as defined in Attachment B section 4.3.4.

FOB New York City.

All taxes are not include.

ATTACHMENT A

SPARE PARTS

Description
Part Number
Unit Pricing

RF Module 90-3-057	$1,775.00[1]
RF Rack 90-3-105	800.00[1]
Power Supply 90-4-329	1,470.00[1]
CPU Board 90-4-239	1,170.00[1]
RF Control Board 90-4-188	890.00[1]
Serial Board 90-4-240-1	690.00[1]
Memory Board (1 mbyte) 90-4-230	1,270.00[1]
FSM set 92-4-035	1,406.25[1]

NOTE: 1) All prices are firm for 5 years from the first order from the first participating agency.

FOB New York City.
All taxes are not included.

Maintenance/ Technical Support

ATTACHMENT A

A: 24 hours, 7 days coverage

Respond and fix in: 1) 4 hrs. - $3,691.00 per toll plaza per year
2) 8 hrs. - 3,691.00 per toll plaza per year
3) 12 hrs - 3,128.00 per toll plaza per year

B: 16 hours, 7 days coverage (5:00 am to 9:00 pm)

1) 4 hrs. - $2,907.00 per toll plaza per year
2) 8 hrs. - 2,907.00 per toll plaza per year
3) 12 hrs. - 2,471.00 per toll plaza per year

Quote valid for 1 site 1 reader.
Add $1,000.00 per additional reader at given toll plaza.

MARK IV IVHS, INC.

212 Durham Avenue, Metuchen, NJ 08840 Tel: (908) 494-7720 Fax (908) 494-8005

July 31, 1998

SUBJECT: IO EXTENSION AGREEMENT

Dear

1. Mark IV will increase its production capacity and dedicate production capacity to 2,500,000 transponders per year for IAG and ISTHA models, within 90 days of the first order from the first Participating Agency under this IO Extension Agreement.

2. IAG Requirement for second source licensee will be waived.

3. Disaster Recovery: Within 90 days of the date of the first order from the first Participating Agency under this Agreement, Mark IV will commence manufacturing at an alternative physically separate manufacturing facility that will guarantee a minimum capacity of 50,000 IAG style transponders, per month, dedicated to the IAG Participating Agencies on an uninterrupted basis. Sufficient parts inventory will be segregated in a separate building. A comprehensive Disaster Recovery Plan shall be delivered to the IAG no later than December 31, 1998.

4. The IO shall be extended eight years to August 16, 2007.

5. Prices for this extension covering existing models and new models proposed for the IO Price Schedule are attached. We are also pleased to offer a price reduction opportunity for the standard interior FPT transponders, the terms and conditions for which are incorporated with the proposed price schedules. Note that all prices are based upon existing technical specifications, existing industry standards and existing regulations, specifically but not limited to those of the Federal Communications Commission.

6. In addition to all other audit rights stated in the original IO, Mark IV extends the right to audit throughout the term of this extension, for the purpose of

the right to audit throughout the term of this extension, for the purpose of confirming the cost structure of the IAG Interior Flat Pack transponder provided in the original BAFO, and its validity during the term of the original IO. This audit will be performed by a mutually acceptable and reputable accounting firm at the sole cost and expense of Mark IV.

7. Mark IV's exclusive right to supply any of the Mark IV products covered hereby will terminate as to any specific Mark IV product effective immediately upon any one of the following conditions:

   a) In the event that Mark IV voluntarily licenses a third-party manufacturer of its choice with respect of the specific Mark IV product; or
   b) In the event that a third-party manufactured tag, reader or lane kit is offered to one or more IAG Participating Agencies, and such third-party manufactured tag, reader or lane kit is functionally and operationally interchangeable with the equipment previously installed at one or more IAG Participating Agencies without modification of such previously installed equipment (it being understood and agreed that Mark IV tags are to be considered so "installed") and either:
      i. Mark IV institutes legal proceedings to protect its intellectual property rights with respect to the specific Mark IV product or the Mark IV technology covered hereby and a final non-appealable court order is rendered with the result that such third-party manufactured product is available for purchase by IAG Participating Agencies without infringing Mark IV's intellectual property rights; or
      ii. Mark IV does not institute legal proceedings to protect its intellectual property rights against the third-party manufacturer, within one year of receiving formal notice from an IAG Participating Agency of the existence of the specific third-party manufactured substitute product; or
   c) In the event that a final, non-appealable decision is rendered, such that all of the patents held by or licensed to Mark IV pertaining to the technology described herein are either invalid or unenforceable.

8. The equipment supplied by Mark IV is manufactured under an exclusive license from the Patent owner. In terms of this license, Mark IV is obliged to notify its Licensor if it becomes aware of any infringement of those patents.

   If Mark IV is obliged to advise its Licensor of an infringement of its patents, then Mark IV undertakes to advise IAG of said infringement within 10 business days of having advised its Licensor.

9. In recognition of past transponder purchases by IAG Participating Agencies, Mark IV shall free-issue to the IAG 15,000 (fifteen thousand) interior flat pack transponders within 90 days of the date of the first order, from the first Participating Agency under this IO Extension Agreement. IAG shall provide Mark IV with the corresponding programming instructions at least 30 days

Participating Agency under this IO Extension Agreement. IAG shall provide Mark IV with the corresponding programming instructions at least 30 days prior to delivery. These free-issue transponders cannot be returned to Mark IV for credit nor any other cash reimbursement.

10. Except as otherwise amended or supplemented herein, all provisions of the original IO shall remain in effect during the extended period hereunder.

Please provide your written acceptance of this agreement.

Yours very truly,

T.M. Capper
Vice President
Mark IV IVHS, Inc.

ATTEST:

Gerald S. Lippes, Secretary

IO-BAFO-98

cc: David Oliver — President, Mark IV Industries, Ltd.
Paul Manuel — Vice President — Sales & Marketing

ATTEST:

Extensions for Existing IO. All prices expressed in US Dollars, FOB New York City.
All taxes are not included.

DESCRIPTION	ORIGINAL PART NUMBER	CURRENT P/N SERIES	UNIT PRICE 8/16/99 THRU 8/16/00	UNIT PRICE 8/16/00 THRU 8/16/01	UNIT PRICE 8/16/01 THRU 8/16/02	UNIT PRICE 8/16/02 THRU 8/16/03	UNIT PRICE 8/16/03 THRU 8/16/04	UNIT PRICE 8/16/04 THRU 8/16/07
IAG Basic Reader (8 lane redundant)	92-4-036	800000-TAB	$11,940.00	$11,940.00	$11,940.00	$12,239.00	$12,537.00	Refer to IO Sec. 33
IAG Non-Redundant Reader	90-4-019	800475-TAB	$6,000.00	$6,000.00	$6,000.00	$6,150.00	$6,300.00	" "
IAG Overhead Lane Kit (per lane)	91-1-466	800122-TAB	$2,050.00	$2,050.00	$2,050.00	$2,101.25	$2,152.50	" "
IAG FPT Interior Transponder***** -Refer to Price Reduction Opportunity	90-4-020-1	800200-TAB	$22.50	$22.75	$23.00	$23.35	$23.85	" "
IAG FPT Exterior Transponder	90-4-020-20	800319-TAB	$28.30	$28.55	$28.80	$29.40	$30.00	" "
IAG LPT Exterior Transponder	90-4-020-2	800308-TAB	$28.30	$28.55	$28.80	$29.40	$30.00	" "
IAG Portable reader	90-4-175	800274-001	$4,800.00	$4,800.00	$4,800.00	$4,920.00	$5,040.00	" "
IAG Portable Programmer	90-4-375	800273-001	$4,800.00	$4,800.00	$4,800.00	$4,920.00	$5,040.00	" "
Enhanced Reader (Redundant)	92-4-036-10	N/A						N/A
Enhanced Reader (Non- Redundant)	92-4-036-11	N/A						N/A
Lane Equipment Combiner (LEC)	92-4-036-30	N/A						N/A
Compact Reader	92-4-063-10	N/A						N/A
Extension Kit	91-1-427	700740-001	$1,000.00	$1,000.00	$1,000.00	$1,025.00	$1,050.00	Refer to IO Sec. 33
IAG NEMA 4X Field Cabinet	700-299	800127-TAB	$1,000.00	$1,000.00	$1,000.00	$1,025.00	$1,050.00	Refer to IO Sec. 33
Optional Memory for LEC (10K tags)	92-4-036-31	N/A						N/A
Optional Protective Pouch for Transponder	90-4-024	N/A						N/A

Extensions for Existing IO Spares. All prices expressed in US Dollars, FOB New York City. All taxes are not included.

DESCRIPTION	ORIGINAL PART NUMBER	CURRENT P/N SERIES	UNIT PRICE 8/16//99 THRU 8/16/00	UNIT PRICE 8/16/00 THRU 8/16/01	UNIT PRICE 8/16/01 THRU 8/16/02	UNIT PRICE 8/16/02 THRU 8/16/03	UNIT PRICE 8/16/03 THRU 48/16/04	UNIT PRICE 8/16/04 THRU 8/16/07
IAG RF Module	90-3-057	800495-001	$1,775.00	$1,775.00	$1,775.00	$1,820.00	$1,864.00	Refer to IO Sec. 33
RF Rack	90-3-105	800120-001	$800.00	$800.00	$800.00	$820.00	$840.00	" "
Power Supply	90-4-329	800110-001	$1,470.00	$1,470.00	$1,470.00	$1,507.00	$1,544.00	" "
CPU Board	90-4-239	800040-001	$1,170.00	$1,170.00	$1,170.00	1,200.00	$1,229.00	" "
RF Control Board	90-4-188	800050-001	$890.00	$890.00	$890.00	$912.25	$934.50	" "
Serial Board	90-4-240-1	800060-TAB	$690.00	$690.00	$690.00	$707.25	$724.50	" "
Memory Board (1 Mb)	90-4-230	800070-001	$1,270.00	$1,270.00	$1,270.00	$1,302.00	$1,333.50	" "
FSM Set	92-4-035	800010-001 800020-001	$1,406.25	$1,406.25	$1,406.25	$1,441.50	$1,477.00	" "

Extensions for Maintenance and Technical Support. All prices expressed in US Dollars, FOB New York City. All taxes are not included.

SERVICE LEVEL	RESPOND AND FIX IN:	ANNUAL PRICE PER PLAZA 8/16//99 THRU 8/16/00	ANNUAL PRICE PER PLAZA 8/16/00 THRU 8/16/01	ANNUAL PRICE PER PLAZA 8/16/01 THRU 8/16/02	ANNUAL PRICE PER PLAZA 8/16/02 THRU 8/16/03	ANNUAL PRICE PER PLAZA 8/16/03 THRU 48/16/04	ANNUAL PRICE PER PLAZA 8/16/04 THRU 8/16/07
Level A: 24 hours, 7 day coverage Based on 1 site 1 reader	4 hours	$3,691.00	$3,691.00	$3,691.00	$3,783.00	$3,876.00	Refer to IO Sec. 33
	8 hours	$3,691.00	$3,691.00	$3,691.00	$3,783.00	$3,876.00	" "
	12 hours	$3,128.00	$3,128.00	$3,128.00	$3,206.00	$3,285.00	" "
Additional annual charge for each additional reader at a given toll plaza		$1,000.00	$1,000.00	$1,000.00	$1,025.00	$1,050.00	" "
Level B: 16 hours, 7 day coverage (5:00 am to 9:00 pm) Based on 1 site 1 reader	4 hours	$2,907.00	$2,907.00	$2,907.00	$2,980.00	$3,052.00	" "
	8 hours	$2,907.00	$2,907.00	$2,907.00	$2,980.00	$3,052.00	" "
	12 hours	$2,471.00	$2,471.00	$2,471.00	$2,533.00	$2,595.00	" "
Additional annual charge for each additional reader at a given toll plaza		$1,000.00	$1,000.00	$1,000.00	$1,025.00	$1,050.00	" "

Installation services described in Attachment F – Revision 4/22/98, attached hereto, are offered at a unit price of $500.00 per lane, effective 8/16/1999 through 8/16/2004. Thereafter, any increases will be limited to those set forth in Section 33 of the IO, on a per year basis, with the initial term being defined as starting on 8/16/2004.

The terms of existing Attachment F, in the existing IO, shall apply for Installation services formally ordered by Participating Agencies prior to August 16, 1999, even if the corresponding work schedule extends beyond August 16, 1999.

New IO Transponders. All prices expressed in US Dollars, FOB New York City. All taxes are not included. Pricing is based on assumption that IAG accepts products based on Internal Mark IV Qualification Test and First Article Test and excludes the cost of further field testing. Refer to Qualification Test Plan.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE 8/16/99 THRU 8/16/00	UNIT PRICE 8/16/00 THRU 8/16/01	UNIT PRICE 8/16/01 THRU 8/16/02	UNIT PRICE 8/16/02 THRU 8/16/03	UNIT PRICE 8/16/03 THRU 8/16/04	UNIT PRICE 8/16/04 THRU 8/16/07
FUSION™ TYPE II+, Interior Transponder (HWY 407 Style: IAG, Wide Area TDMA, LED's, Buzzer)	800478-TAB	$34.00	$34.35	$34.70	$35.37	$36.04	Refer to IO Sec. 33
FUSION™ TYPE III, Interior Transponder (Border Crossing style: as above plus 3 pin RS-485 port)	800661-TAB	$57.00	$57.63	$58.13	$59.28	$60.42	" "
LCD Type II++, Interior Transponder (ISTHA Type: LCD version of IAG, numeric LCD display, buzzer)	TBD	$48.75	$49.25	$49.75	$50.72	$51.68	" "
Smart Card Transponder without display (design TBD. Excludes smart card itself and user replaceable battery. Selection of Smart Card to be provided by IAG)	TBD	BUDGETARY $64.00	TBD	TBD	TBD	TBD	TBD
Smart Card Transponder with integrated read-out (design TBD. Excludes smart card itself and user replaceable battery. Selection of Smart Card to be provided by IAG)	TBD	BUDGETARY $79.00	TBD	TBD	TBD	TBD	TBD

New IO Reader equipment. All prices expressed in US Dollars, FOB New York City. All taxes are not included. (Pricing is based on assumption that IAG accepts products based on Internal Mark IV Qualification Test and First Article Test and excludes that cost of further field testing. Refer to Qualification test Plan.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE 8/16/99 THRU 8/16/00	UNIT PRICE 8/16/00 THRU 8/16/01	UNIT PRICE 8/16/01 THRU 8/16/02	UNIT PRICE 8/16/02 THRU 8/16/03	UNIT PRICE 8/16/03 THRU 8/16/04	UNIT PRICE 8/16/04 THRU 8/16/07
FUSION™ Redundant Reader (Highway 407 firmware)	800350-001	$14,328.00	$14,328.00	$14,328.00	$14,687.00	$15,045.00	Refer to IO Sec. 33
FUSION™ Non-Redundant Reader (Border Crossing Firmware)	800475-001	$7,400.00	$7,400.00	$7,400.00	$7,585.00	$7,770.00	" "
FUSION™ Lane Kit (Wide Area TDMA)	800496-001	$2,460.00	$2,460.00	$2,460.00$	$2,521.50	$2,583.00	" "
"Smart" FUSION™ Redundant Reader (Firmware to be developed)	TBD	BUDGETARY $15,000	TBD	TBD	TBD	TBD	TBD
ISTHA Style Redundant Reader	800740-001	$14,592.00	$14,592.00	$14,592.00	$14,957.00	$15,322.00	" "
ISTHA Style Non- Redundant Reader	800750-001	$7,925.00	$7,925.00	$7,925.00	$8,123.00	$8,322.00	" "

New IO – miscellaneous items. All prices expressed in US Dollars, FOB New York City. All taxes are not included. (Pricing is based on assumption that IAG accepts products based on Internal Mark IV Qualification Test and First Article Test and excludes that cost of further field testing. Refer to Qualification test Plan.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE 8/16/99 THRU 8/16/00	UNIT PRICE 8/16/00 THRU 8/16/01	UNIT PRICE 8/16/01 THRU 8/16/02	UNIT PRICE 8/16/02 THRU 8/16/03	UNIT PRICE 8/16/03 THRU 8/16/04	UNIT PRICE 8/16/04 THRU 8/16/07
Addition of one Patch Antenna to an existing Lane Kit (Price does not include any required union labor, civil work or performance testing.)	TBD	1,185.00	1,185.00	1185.00	1,220.00	1,260.00	Refer to IO Sec. 33
Addition of "M" to FPT transponder at the time FPT is originally manufactured.	135	0.70	0.70	0.70	0.73	0.75	" "
Addition of "E" to FPT transponder at the time FPT is originally manufactured.	TBD	0.70	0.70	0.70	0.73	0.75	" "

Price Reduction Opportunity Conditions for IAG Interior FPT Transponders (Part Number Series 800200-TAB)

Reduced pricing for IAG Interior FPT Transponders shall be made available by Mark IV IMMEDIATELY to those Participating Interagency Group Agencies who have accepted, in writing, both the original Irrevocable Offer, as well as the terms and conditions in this Irrevocable Offer Extension, provided furthermore that ALL of the following "Price Reduction Opportunity" conditions have been met:

1) Written confirmation that the terms of this Irrevocable Offer Extension are acceptable to the IAG.

2) IAG written acceptance and endorsement of the IAG Transponder Qualification Test Plan (Field) (Fusion Transponder) issue 8, attached hereto. (Written acceptance was rendered to Mark IV July 2, 1998.) Testing to be supervised by a mutually acceptable, independent, third party at Mark IV's expense. The Reduced Unit Price for Interior FPT Transponders shall be in effect immediately upon execution of the first purchase hereunder and thereafter, only if during the preceding 12 month period beginning August 16 of any year and ending August 15 of the following year, the aggregate annual volume of transponders shipped to IAG Participating Agencies exceeds 1,200,000 units per year. An IAG Annual Volume Report shall be issued by Mark IV by August 16 of each year during the term of this Irrevocable Offer Extension, which will establish the actual aggregate volume achieved. This annual test will provide for carryover volumes over two consecutive years with no retroactive penalties permitted.

3) IAG supply of at least two adjacent test lanes, in a "live" toll plaza, in the region of Buffalo, NY. These lanes shall be available to Mark IV personnel for testing no less than 8 hours per day, at least two consecutive weeks per test. These same facilities shall be made available for the testing of at least three Mark IV products between June 1998 and August 1999. There shall be no cost to Mark IV or their subcontractors for the use of these facilities. Traffic control shall be provided by the corresponding IAG Participating Agency, at no additional cost to Mark IV. Scheduling of facilities shall be mutually convenient for both the Agency and Mark IV.

4) IAG acceptance of "Appendix F – Rev 4/22/98", attached hereto, which redefines the standard scope of installation work to be offered by Mark IV at the corresponding schedule price of $500 per lane. Such new definition of scope shall only apply to installation services ordered by Participating Agencies after August 16, 1999.

Reduced Pricing for IAG Interior FPT Transponders

Availability Subject to All "Price Reduction Conditions" being met.

All prices expressed in US Dollars, FOB New York City. All taxes are not included.

DESCRIPTION	CURRENT P/N SERIES	UNIT PRICE THRU 8/16/00	UNIT PRICE 8/16/00 THRU 8/16/01	UNIT PRICE 8/16/01 THRU 8/16/02	UNIT PRICE 8/16/02 THRU 8/16/03	UNIT PRICE 8/16/03 THRU 8/16/04	BUDGETARY UNIT PRICE 8/16/04 THRU 8/16/07
IAG FPT Interior Transponder	800200-TAB	21.99	22.50	22.75	23.00	23.35	Refer to IO Sec. 33

Example of Interior FPT Volume Effects on Applicability of Reduced Price Opportunity

Assume all conditions met excluding applicability of volume

Time frame	Applicable price based on IAG volume for prior 12 month over 1,200,000	Applicable price based on IAG volume for prior 12 month under 1,200,000
to 8/00	$ 21.99	$ 22.50
8/00 - 8/01	$ 22.50	$ 22.75
8/01 - 8/02	$ 22.75	$ 23.00
8/02 - 8/03	$ 23.00	$ 23.35
8/03 - 8/04	$ 23.35	$ 23.85
8/04 - 8/07	Refer to IRO Section 33	Refer to IRO Section 33

Example A

	Aggregate Tag Volume for Period	Reduced Price for following year	Applicable Price During Year Based on Prior Year's Volume
Present rate in '98	1,200,000	YES	
8/99 - 8/00	1,000,000	NO	$ 21.99
8/00 - 8/01	1,400,000	YES	$ 22.75
8/01 - 8/02	500,000	NO	$ 22.75
8/02 - 8/03	2,000,000	YES	$ 23.35
8/03 - 8/04	1,200,000	YES	$ 23.35
8/04 - 8/07	Refer to IRO Section 33	N/A	Refer to IRO Section 33

Example B

	Aggregate Tag Volume for Period	Reduced Price for following year	Applicable Price in Period Based on Prior Year's Volume
Present rate in '98	1,200,000	YES	
8/99 - 8/00	1,000,000	NO	$ 21.99
8/00 - 8/01	1,000,000	NO	$ 22.75
8/01 - 8/02	500,000	NO	$ 23.00
8/02 - 8/03	750,000	NO	$ 23.35
8/03 - 8/04	1,200,000	YES	$ 23.85
8/04 - 8/07	Refer to IRO Section 33	N/A	Refer to IRO Section 33

INSTALLATION SERVICES:

The Contractor shall install the in-lane reader equipment according to the installation plan herein.

1.1 SITE ACCESS:

The Contractor shall install the in-lane reader equipment in accordance with specific toll plaza site access schedules mutually agreed to by the Contractor and the Agency.

1.2 PLANS:

For each specific toll plaza site, the Contractor shall provide for the Agency's approval a preliminary installation plan detailing specific responsibilities of the Contractor and of the Agency.

1.3 RESPONSIBILITY:

The Contractor shall provide all labor, supervision, materials, and equipment required to accomplish the layout, site survey, installation, testing, and commissioning of the in-lane reader equipment required to accomplish the layout, installation, testing, and commissioning of the system. This in-lane equipment shall include readers, lane kits (RF modules, antennas, test tags, RF adapter cables), and any other aspect of the reader system as proposed and required. All civil work required for the installation of the in-lane antenna and antenna mounting fixtures or brackets, including the necessary conduit and cabling between the antenna and the reader computers, shall be the responsibility of the Agency. Cable, cable terminations, connection and weatherproofing of connection at the antennas will be provided by the Contractor.

Any civil and electrical construction necessary for site preparation, will be the responsibility of the Agency. The site preparation includes; power, signal, synchronization, and communications wiring; and, in-lane reader equipment mounting provisions such as concrete pads, rigid mounts, reader cabinets, pedestals or bases and poles. Traffic control will also be the responsibility of the Agency, and will be provided in conjunction with the schedule in Section 1.1 of this attachment.

1.4 WORK STANDARDS:

The Contractor shall conform to applicable standards and codes during the installation of the in-lane reader equipment. The installation will conform to appropriate Agency specific standards identified during the site survey performed by the Contractor and to the latest revisions of applicable local, state, and federal requirements including but not limited to: National Electrical Code; OSHA standards; NEMA standards; EIA standards; and, ANSI standards.

1.5 RECORDS:

The Contractor shall maintain a log book for all installation work, and make this book available for Agency review upon request. This book will include, at a minimum, the following information: Record of work conducted by location, lane number, and date; weather conditions; equipment deliveries; date work commenced; work in progress status: date work completed; installation test records; and, acceptance test records.

1.6 COMMISSIONING:

The Contractor shall position and mount the antennas to the brackets, or provisions provided by the Agency, and perform actions to properly tune and test each lane installation. This work shall be completed prior to the Agency's acceptance test of the system.

1.7 TESTING:

The Contractor shall provide the Agency with an installation plan which describes the method to be used for verifying proper operation of the system. Upon completion of the installation of the in-lane reader equipment in each lane, the Contractor shall perform the tests associated with this installation plan to verify operations are within the Technical Specifications. Results of these tests will be recorded in the installation records log book.

These tests shall include, but not be limited to, the following: Capture zone geometry; tag readability on different vehicle profiles; correct operations during incidents of simultaneous tag reading in adjacent lanes; correct operations during incidents of high speed vehicles passes; correct operations during incidents of closely spaced vehicles during passes; system reliability and performance during instantaneous peak loading conditions; and, system operation when a format incompatible tag passes a read point.

1.8 FAILURES:

Any failure noted during the installation tests shall be documented in a log book. Any such failure shall be resolved and retested by the Contractor until satisfactory operation is achieved, and this corrective action shall be completed prior to notifying the Agency to begin acceptance testing. All determinations concerning failures and/or acceptance of test results shall remain with the Agency.

PORT AUTHORITY OF NY & NJ

KAREN A. ANTION
CHIEF TECHNOLOGY OFFICER

ONE WORLD TRADE CENTER, 67W
NEW YORK, NY 10048

(212) 435-2772
(201) 961-6600 X2772

August 8, 1996

Mr. David Oliver
Vice President
Mark IV IVHS, Inc.
212 Durham Avenue
Metuchen, NJ 08840

RE: ACCEPTANCE OF MARK IV IVHS, INC. IRREVOCABLE OFFER, DATED FEBRUARY 19, 1996

Dear Mr. Oliver:

Pursuant to the terms set forth in the referenced document, I am pleased to accept, on behalf of The Port Authority of New York and New Jersey, your Irrevocable Offer to make available for purchase electronic toll collection equipment, software, and certain other services for a duration of five years, effective August 4, 1994, the date which Mark IV IVHS, Inc. represents as the date on which the first order for equipment was received from a "Participating Agency" as such term is defined in the Irrevocable Offer.

We look forward to working with your organization in implementing an electronic toll collection system that will enhance the level of service we provide our customers. If you have any questions concerning the foregoing, please contact Walter Kristlibas, ETC Program Director. He can be reached at (212) 435-7028.

Sincerely,

for Karen A. Antion
Chief Technology Officer

cc: W. Kristlibas

BOARD OF COMMISSIONERS
LEWIS M. EISENBERG, CHAIRMAN CHARLES A. GARGANO, VICE CHAIRMAN
KATHLEEN A. DONOVAN JAMES G. HELLMUTH HENRY F. HENDERSON, JR. ROBERT C. JANISZEWSKI
PETER S. KALIKOW GEORGE O. O'NEILL ALAN G. PHILIBOSIAN MELVIN L. SCHWEITZER MADELON DEVOE TALLEY FRANK J. WILSON
GEORGE J. MARLIN, EXECUTIVE DIRECTOR
JOHN J. HALEY, JR., DEPUTY EXECUTIVE DIRECTOR
CHRISTINE TODD WHITMAN, GOVERNOR STATE OF NEW JERSEY GEORGE E. PATAKI, GOVERNOR STATE OF NEW YORK

THE PORT AUTHORITY OF NY & NJ

Victoria Cross Kelly
Director

November 12, 2009

Christopher F. Murray, President
Mark IV IVHS, Inc.
24 Minneakonig Road
Flemington, New Jersey 08822

Mark IV Industries Corporation
6020 Ambler Drive
Mississauga, Ontario, L4W2P1 Canada

Dear Mr. Murray:

This letter serves as notification from The Port Authority of New York and New Jersey ("Authority") regarding the one-year extension option ("Option") set forth in Section 1 of the Second Extension Agreement to Irrevocable Offer - 3 Yr Term, dated May 28, 2007 ("Agreement"). Pursuant to Section 1 of the Agreement, the Authority is hereby providing notice of its intent to exercise the Option, which will commence on August 17, 2010 and terminate on August 16, 2011.

Sincerely,

Victoria Cross Kelly

cc: James A. Crawford, Executive Director
E-ZPass Interagency Group
25 South New York Avenue
Atlantic City, NJ 08401

Richard Turnock, Vice President of Engineering
& Chief Technology Officer
Mark IV Industries Corporation
6020 Ambler Drive
Mississauga, Ontario, L4W2P1 Canada

Darrell Buchbinder, General Counsel – Port Authority of NY & NJ
Ernesto L. Butcher, Chief Operating Officer – Port Authority of NY & NJ
Lillian D. Valenti, Director – Port Authority of NY & NJ

Tunnels, Bridges & Terminals Department
One Madison Avenue - 5th Floor
New York, NY 10010
T: 212-435-4800
vkelly@panynj.gov