



ENTRUST DATACARD CORPORATION PURCHASE ORDER TERMS AND CONDITIONS

(For use when Entrust Datacard Corporation ("Buyer") purchases goods and services.)

1. DEFINITIONS. "Purchase Order" refers to the purchase order provided with these terms and conditions and, if applicable, the SOW (as defined herein). "Articles" refers to the goods, products, materials, supplies, parts, assemblies, equipment, technical data, drawings, services or other items covered by this Purchase Order and/or, if attached hereto, Seller's statement of work ("SOW"). Reference to "Buyer" is to Entrust Datacard Corporation. Reference to "Seller" is to the party providing the Articles to Buyer.

2. PACKING AND SHIPPING. Seller's Deliveries shall be made as specified in the Purchase Order and/or the SOW without charge for boxing, crating, carting, or storage unless otherwise specified. Articles shall be suitably packed to secure lowest transportation costs, in such manner as to assure against damage from weather or transportation, and in accordance with the requirements of common carriers. Articles shall be described on bills of lading in accordance with current Motor Freight or Uniform Freight Classification, whichever is applicable. Buyer's Purchase Order number must be plainly marked on all invoices, packages, bills of lading and shipping orders. Packing lists shall accompany each box or package shipment. Buyer's count or weight shall be final and conclusive on shipments not accompanied by packing lists. Except as consented to by Buyer, Seller shall not ship in advance of schedule and shall ship exact quantities ordered.

3. ACCEPTANCE OF PURCHASE ORDER. This Purchase Order constitutes Buyer's offer to buy and shall become a binding contract subject to the terms and conditions set forth herein upon acceptance by Seller either by written acknowledgment or commencement of performance of delivering the Articles. Each shipment received by Buyer from Seller shall be deemed to be governed by these terms and conditions, notwithstanding any terms and conditions that may be contained in any acknowledgment, invoice or other form of Seller and notwithstanding Buyer's act of accepting or paying for any shipment or other act of Buyer.

4. TAXES. Buyer shall not be liable for any taxes of any kind unless separately stated on this Purchase Order and billed by Seller as a separate item.

5. TERMS OF PAYMENT. Buyer shall pay Seller's undisputed invoice upon 45 days from date of Seller's invoice. Unless specified to the contrary in an attached SOW, all payments shall be in the legal currency of the United States. Buyer shall be entitled to set off any amount owing at any time from Seller to Buyer against any amount payable at any time to Seller by Buyer.

6. WARRANTY. Seller warrants that all articles will conform to all applicable specifications, drawings, descriptions and samples, including those specified in the SOW (to the extent available) and will be merchantable, of good workmanship and material, fit for the particular purpose or purposes for which intended when such purpose has been communicated in writing between Buyer and Seller in an attached SOW, and free from defect, claim, encumbrance or lien. Unless specified to the contrary in the attached SOW, Seller warrants that all articles shall be "new" and shall not contain remanufactured parts without Buyer's prior written consent. Seller warrants that all articles shall be the original works of Seller, or that Seller has the full right to sell the same to Buyer for use and/or resale by Buyer. Seller's warranties, whether express or implied, shall run to Buyer and Buyer's end-user customers of the articles and shall not be deemed to be exclusive. Buyer's inspection, approval, acceptance, use of, or payment for all or any part of the articles shall in no way affect its warranty rights whether or not a breach of warranty is evident at the time.

7. DATE/DATA PROCESSING WARRANTY. Seller warrants that all hardware, firmware, and software provided pursuant to this Purchase Order shall (a) accurately store and process all date information and calculations with dates before and after January 1, 2000, including, but not limited to, performing the following functions accurately, and without delay or interruption; (1) accepting date input, (2) providing date output, and (3) performing calculations on dates or portions of dates; (b) process any and all two-digit and four-digit date input, fields, records and reports in a manner that resolves any and all ambiguity or confusion as to century, and resolves that ambiguity or confusion in a well-defined and consistent manner; and (c) store and provide output and reports of date information in ways that are unambiguous as to century.

8. INSPECTION. The articles may be inspected by or for the Buyer at all times and places, at any stage of production, and if at the premises of Seller, Seller, shall provide at no charge all reasonable facilities and assistance required for convenient test and inspection. The foregoing shall not relieve Seller of its obligation to make full and adequate test and inspection before shipping articles to Buyer or to another destination specified in the SOW. Buyer may base acceptance or rejection of any or all articles on inspection by reasonable sampling techniques. If, upon inspection, any of the articles shall be found to be defective in material or workmanship, or otherwise not in conformity with the requirements and warranties of this Purchase Order and/or the SOW, Buyer may, in addition to its other rights (a) require prompt correction or replacement at Seller's expense, or (b) rework, or have reworked, any such articles at Seller's expense for the purpose of conforming the articles to the contractual requirements and warranties, express and implied contained in this Purchase Order; or (c) reject any such articles and require the immediate removal of any articles that have been installed, or (d) terminate this Purchase Order in whole or in part under Section 9. Buyer shall be repaid or credited the full invoice price for all rejected articles not replaced by Seller, and shall be credited transportation charges for all returned or rejected articles. From the time of notice of rejection of defective articles upon inspection, or for a breach of warranty, the risk of loss shall be upon Seller until redelivery, if any, to Buyer or to Buyer's end-user customer.

9. TERMINATION. (A) FOR DEFAULT: Time is of the essence in regard to this Purchase Order. Buyer may, by written notice to Seller, terminate for default this Purchase Order, in whole or in part (a) if the Seller fails to deliver the articles strictly within the time specified herein, or if no time is specified, within a reasonable time, or Seller so fails to make progress as to endanger performance of this Purchase Order in accordance with its terms; (b) if the articles delivered do not conform to the contractual requirements and warranties of this Purchase Order or if Seller fails to perform any of the other conditions or provisions of this Purchase Order; or (c) if any proceedings in bankruptcy or insolvency, voluntary or involuntary, are commenced by, or against Seller, or if any receiver is appointed with or without Seller's consent, or if Seller makes any assignment for the benefit of creditors, or if Seller commits any other act of bankruptcy or becomes insolvent or unable to meet its debts as they mature. If this Purchase Order is terminated for default, Buyer, in addition to all other rights afforded by law for Seller's breach of contract, shall have the right to charge Seller the



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amount by which the costs of fabricating or procuring the articles set forth in the terminated Purchase Order from another source exceed the prices specified herein and Buyer may set off any such charge against any amounts which may become payable to



Seller under this Purchase Order or otherwise. Upon such termination, Seller will deliver to Buyer any of the articles, parts or materials for which Buyer shall make written request for delivery after termination. Buyer will pay Seller the price on the face of this Purchase Order for completed articles and the fair value of any other such property so requested and delivered. Notwithstanding Buyer's right to terminate this Purchase Order for delay in delivery, Seller shall not be liable to Buyer for any damages if (a) Seller's delay is due to causes beyond its control, and without its fault or negligence, provided Seller exercises due diligence in promptly notifying Buyer of the conditions causing delay and thereafter uses commercially reasonable efforts to mitigate the effects of such event, or (b) if such default arises out of causes beyond the control of both Seller and its subcontractor or supplier, without the fault or negligence of either of them, and the supplies or services to be furnished by the subcontractor or supplier are not obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedule. If any of the articles delivered by Seller at Buyer's request after termination are found to be defective or not in conformity with the requirements and warranties of this Purchase Order, then in addition to any other rights which it may have, Buyer shall be entitled to reject and return such goods at Seller's expense and Seller promptly shall replace such articles with conforming articles.

(B) FOR CONVENIENCE OF BUYER: Buyer may, for its convenience, terminate work under this Purchase Order, in whole or in part, at any time by giving notice to Seller in writing. Seller will immediately stop work on this Purchase Order or the terminated portion and notify any subcontractors to do likewise. Seller shall be entitled to reimbursement for actual costs incurred up to and including the date of termination, such costs to be determined in accordance with recognized accounting principles. Seller shall also be entitled to a reasonable profit on the work done prior to such termination at a rate not exceeding the rate used in establishing the original purchase price. The total of such claim shall not exceed the pro rata portion of this Purchase Order which is terminated. Seller shall deliver to Buyer within 15 days after receipt of the notice of termination, the statement of claim showing termination costs, such statement to be supplemented within (15) days after that date by a detailed specification of the amount of termination costs and supporting cost figures. Failure of Seller to submit the statements within the time limits stated shall constitute its consent to effect the termination at no charge to Buyer.

(C) SURVIVAL OF CERTAIN PROVISIONS. All provisions of this Purchase Order, which by their nature should apply after delivery of articles, including but not limited to payment (and the right to offset), inspection, rejection, warranty and indemnity, shall survive the completion or termination of this Purchase Order for the purpose of governing the Buyer's post-delivery rights with respect to the articles.

10. CHANGES. Except as provided to the contrary in the attached SOW, Buyer shall have the right by written notice to change the extent of the work covered by this Purchase Order, the drawings, specifications or other description herein, the time, method or place of delivery or the method of shipment or packaging. Upon receipt of any such notice, Seller shall proceed promptly to make the changes in accordance with the terms of the notice. If any such change causes an increase or decrease in the cost or performance or in the time required for performance, an equitable adjustment shall be negotiated promptly and this Purchase Order shall be modified in writing accordingly. Seller shall deliver to Buyer within 15 days after receipt of a change notice, a statement showing the effect of any such change in the delivery dates and prices. Failure of Seller to submit the statements within the time limits stated shall constitute its consent to perform the change without increase in price, without claim for material rendered obsolete and without change in delivery schedule.

11. INSURANCE. Seller agrees to maintain the following insurance coverage as long as may be necessary to respond to claims arising out of the services and or goods sold, delivered or provided to Buyer: Commercial General Liability: limits of liability of not less than \$2,000,000 each occurrence, \$5,000,000 aggregate (limits may be satisfied by primary and/or umbrella or excess insurance); Commercial Auto Liability: limits of liability of not less than \$2,000,000 combined single limit bodily injury and property damage, including coverage for owned, non-owned and hired vehicles; Workers' Compensation: statutory limits; Employers Liability: limits of liability of not less than \$1,000,000 each accident by accident or disease; Professional Liability coverage with limits of liability of not less than \$2,000,000 each claim and in the aggregate. Seller shall be responsible to purchase and maintain for its own benefit property insurance covering loss or damage to Seller's personal property. All insurance policies maintained by Seller hereunder shall be primary, and any insurance of Buyer shall be non-contributing. Seller's insurance coverage maintained pursuant to this provision shall not be reduced by the existence of insurance maintained by Buyer. Seller's General Liability and Auto Liability insurance shall expressly provide that Buyer shall be an additional insured related to Seller's goods or services provided to Buyer. Seller shall provide Buyer with a certificate of insurance evidencing the insurance required hereunder. Mutual Waiver: Seller and Buyer, for themselves and on behalf of their respective insurers, do hereby waive any recovery of damages against each other (including their employees, officers, directors, agents, or representatives) for loss or damage to the personal or real property of the other party, to the extent covered by the parties' respective Commercial Property insurance, and each party shall cause its insurance policy to include or be endorsed with a waiver of subrogation as required herein. All insurance required hereunder shall not be cancelled, materially altered or non-renewed without at least thirty (30) days prior written notice from such insurer to Buyer delivered to: DataCard Corporation, Manager of Treasury, at the address appearing on the first page of this Purchase Order. All insurance required hereunder shall be obtained from an insurance company with an A.M. Best's rating of not less than A-VII. Seller's maintenance of the insurance required hereunder shall in no way limit any obligation Seller may have hereunder or otherwise to indemnify, reimburse, defend or otherwise hold Buyer harmless as provided herein or under the law. Seller's failure to maintain the insurance required hereunder shall constitute a material breach.

12. GENERAL INDEMNIFICATION & LIMITATION OF LIABILITY. Seller agrees that it shall, at its sole cost and expense, defend, indemnify and hold Buyer harmless including Buyer's parent, subsidiaries, and affiliates including their respective directors, officers, agents, representatives, employees and customers ("Indemnified Parties" or "Indemnified Party") against all claims, expenses (including reasonable attorneys' fees), losses, costs, damages, liabilities, and suits (collectively, "Claim(s)") arising directly or indirectly from any actual or alleged breach by Seller of (a) any of Seller's representations and warranties hereunder, (b) Seller's obligations of confidentiality and non-disclosure hereunder, and (d) any of Buyer's ownership rights to Buyer's Proprietary Information and to any work product or deliverables as outlined hereunder, as well as from any and all (e) negligent acts or omissions of Seller (or parties engaged or utilized by Seller in connection with Buyer's order including but not limited to Seller's



subcontractors). The Indemnified Party shall promptly provide the Seller with written notice of any Claim that the Indemnified Party believes falls within the scope of this indemnity. The Indemnified Party may, at its own expense, assist in the defense if it so



chooses; provided that Seller shall control the defense and all negotiations relative to the settlement of any such claim, provided, however that Seller shall not agree to a settlement which imposes an unindemnified obligation upon Buyer or that requires Buyer to agree to any action or inaction without first obtaining Buyer's explicit written approval for such settlement. In no event shall either party be liable to the other for special, incidental, or consequential damages of any kind.

13. INTELLECTUAL PROPERTY INFRINGEMENT. Seller shall indemnify and hold and save Buyer, its agents, customers and users, harmless of and from any and all loss, damage or liability (including attorneys' fees and other reasonable legal expenses) for or on account of or resulting from any claim of infringement of any third party patent, copyright, trademark or other proprietary right relating to Buyer's use and/or resale of any article furnished under this Purchase Order. Buyer shall promptly give Seller notice of any such proceeding instituted against Buyer and Seller shall, at Seller's sole expense, control the defense of such action, including settlement discussions, except that Seller shall not enter into a settlement which imposes an unindemnified obligation on Buyer or commits Buyer to action or inaction without Buyer's prior written approval. Buyer may at its option participate in the defense of any such action in a consulting role provided that it pays its own costs of such participation. Unless Buyer agrees otherwise in writing at the time, Seller shall, in addition to all its other obligations under this Section, obtain for Buyer the unfettered right to continue to use and/or resell all articles which are the subject of any infringement claim and Seller shall pay all fees and other costs of any license for such right.

14. CONFIDENTIAL INFORMATION; USE OF DRAWINGS, SPECIFICATIONS, ETC. Seller shall not disclose to any third party or use any information whatever concerning this Purchase Order, or the Buyer's drawings, specifications, samples and other material intended for use herewith, (such material referred to as "Proprietary Information") or with respect to any article furnished without first obtaining the written consent of Buyer. The Buyer shall retain title at all times to the Proprietary Information, all of which, upon receipt of a request from Buyer and in any event upon completion of this Purchase Order, shall be promptly and fully returned to Buyer. Except as otherwise agreed to in the attached SOW, any knowledge or information which Seller shall have disclosed, or may hereafter disclose, to Buyer in connection with the purchase of the articles shall not be deemed to be Seller's Proprietary Information and shall be acquired by Buyer free from any restriction as part of the consideration for this Purchase Order.

15. CLAIMS FOR SHORTAGE, ETC. Buyer agrees to notify Seller promptly upon discovery of any claim for shortage, damage or other cause relating to the articles and no such claim shall be forfeited because of Buyer's payment, acceptance, or use of the articles or any similar act of Buyer.

16. COMPLIANCE WITH LAW. Seller shall, in the performance of this Purchase Order, comply with all applicable laws, executive orders, regulations, ordinances, proclamations, demands and requisitions of the National Government of the country in which the articles are manufactured and of the country to which the articles are to be delivered, and of any state, provincial or local governmental authority which may now or hereafter govern performance. Seller shall comply with all applicable export and re-export regulations. Seller will promptly respond to Buyer's reasonable requests for information necessary to import and export the articles in the Purchase Order, including but not limited to, country of origin of the articles. Without limiting the generality of the foregoing, Seller, in accepting this Purchase Order, represents that the Articles were or will be produced or performed in full compliance with the following Equal Employment Opportunity clauses included by reference: 41 CFR 60-1.4 (Equal Opportunity Clause); 41 CFR 60-250.4 (Affirmative Action Clause for Disabled Veterans and Veterans of the Vietnam Era); 41 CFR 60-741.4 (Affirmative Action Clause for Handicapped Workers); and all applicable provisions and requirements of the Fair Labor Standards Act of 1938, as amended, and of all valid and applicable regulations and orders of the Administrator of the Wage and Hour Division.

17. ASSIGNMENT AND SUBCONTRACT. None of the sums due or to become due nor any of the work to be performed under this Purchase Order shall be assigned by Seller nor shall Seller subcontract to obtain completed or substantially completed articles or major parts or components thereof without Buyer's prior written consent. Seller shall not subcontract any services to be performed directly for Buyer unless expressly agreed otherwise by Buyer. No assignment or subcontracting to which Buyer consents shall relieve Seller of its obligations under this Purchase Order unless expressly agreed otherwise by Buyer, and shall not diminish Buyer's right to set off or recoup from any amounts owed Seller hereunder the amount of any present or future claim which Buyer may have against Seller. Buyer shall be allowed to assign its rights and delegate its duties hereunder, but Buyer must, in conjunction with any delegation guarantee payment by the delegate.

18. WAIVER. The failure of either party to insist, in any one or more instances, upon the strict performance of any of the terms, covenants or conditions of this Purchase Order or to exercise any right hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition or the future exercise of such right. The obligation of each party with respect to such future performance shall continue in full force and effect.

19. MODIFICATION. The terms and conditions of this Purchase Order constitute the entire agreement between Buyer and Seller and supersede all previous communications, representations or agreements between the parties. None of the terms and conditions (including prices and delivery dates) contained in this Purchase Order may be added to, modified, or otherwise altered except by a written instrument signed by an authorized representative of Buyer and delivered by Buyer to Seller.

20. SAFETY NOTICES. Seller shall ensure that all articles are accompanied by a copy of clear and adequate instructions for the safe use thereof, with proper warnings regarding all dangers of their proper use and all foreseeable misuses thereof. Seller shall, without limiting the foregoing, provide a Material Safety Data Sheet containing all available information required by applicable law for any chemicals provided by Seller.

21. REACH COMPLIANCE. To the extent applicable, before shipping articles, Seller shall notify Buyer if any of the articles contain any SVHC (substances of very high concern) regulated by the EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) regulation in effect at the requested shipment date. If any of Seller's articles contain any such SVHC's, Seller shall notify Buyer of the quantity (in parts per million) of each such substance in each article which contains them. Seller's shipment of the articles shall constitute Seller's certification to Buyer that no article contains any SVHC in a quantity which exceeds the REACH



maximum permissible limits.



22. ROHS COMPLIANCE. To the extent applicable, before shipping any of the articles, Seller shall notify Buyer if any of the articles contain any substances regulated by the EU Restriction on Hazardous Substances (RoHS) directive in effect at the requested shipment date. If any of Seller's articles contain any such substances, Seller shall notify Buyer of the quantity (in parts permillion) of each such substance in each article which contains them. Seller's shipment of the articles shall constitute Seller's certification to Buyer that no article contains any substance subject to the RoHS directive in a quantity which exceeds the RoHS maximum permissible limits.

23. WEEE COMPLIANCE. To the extent applicable, Seller's articles procured under this Purchase Order may be intended for use in manufacturing or assembling DataCard products that are subject to the EU directive on Waste from Electrical and Electronic Equipment (WEEE). To the extent applicable, Seller will comply with Buyer's WEEE compliance program in effect at the time Seller ships the articles. Without limiting the foregoing, if required by Buyer's WEEE compliance program, (a) Seller's articles shall be marked to indicate Seller as the originator of the articles and (b) Seller shall provide financing for the recycling of the articles.

24. RISK OF LOSS. The risk of loss remains with the Seller until delivery of the articles to Buyer at the destination stated in the Purchase Order and the acceptance of the articles by Buyer following delivery.

25. GOVERNMENT OBLIGATIONS. If Buyer notifies Seller the articles are being procured for a governmental entity, Seller shall comply with all applicable government procurement rules, regulations and orders as though Seller were supplying the articles directly to such governmental entity, including but not limited to country of origin and country content requirements, best price requirements, and workplace conditions requirements. Seller is an Equal Opportunity Employer and complies with Executive Orders 11246 and 13496 and hereby provides notice of its compliance with FAR 52-222-26, 29 CFR Part 471, Appendix A to Subpart A, 41 C.F.R. 60-1.4, 41 C.F.R. 60-250.5, and 41 C.F.R. 60-741.5, which are hereby incorporated by reference, and represents that it prohibits discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, or national origin.

Seller shall abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. Seller shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

26. EXPORT RESTRICTIONS. Seller acknowledges that Buyer sells its products throughout the world. Before accepting this Purchase Order or beginning work on any articles, Seller shall notify Buyer of any restrictions on the resale of the articles or the export of the articles from the United States.

27. GOVERNING LAW. This Purchase Order shall be deemed to have been entered into and shall be construed and interpreted in accordance with the laws of the State of Minnesota. Seller and Buyer expressly consent to the exclusive jurisdiction of federal and state courts located in Minnesota.

28. NOTICE. Any notice required to be delivered hereunder shall be delivered in writing and given by hand delivery, fax (with confirmation of transmission), by reputable overnight carrier for next morning delivery, provided recipient must sign for receipt, or by certified mail, postage prepaid with return receipt requested addressed to the parties at the addresses identified on the face of the Purchase Order or, if applicable, the SOW. All notices shall be deemed given on the day when actually delivered as provided above if delivered by hand or by fax, or on the day shown on the return receipt, if delivered by mail or overnight courier.