



**Homeland
Security**

June 7, 2011

CERTIFICATE OF SAFETY ACT DESIGNATION

Dr. David McWhorter
Counsel for OSI Systems, Inc.
Catalyst Partners
1250 Connecticut Avenue N.W., Suite 825
Washington, D.C. 20036

Re: Rapiscan Conventional X-ray Detection Systems
Application ID #: C-EXPL-BIAGINIOSI-0001-3-REN2 (F-94-E)

Dear Dr. McWhorter:

The Department of Homeland Security (the "Department") has completed its review and evaluation of your application for renewal relating to Rapiscan Conventional X-ray Detection Systems (the "Technology"), described in Exhibit A, pursuant to the Support Anti-terrorism by Fostering Effective Technologies Act of 2002, 6 U.S.C. §§ 441–444 (the "SAFETY Act"), and the Regulations Implementing the Support Anti-terrorism by Fostering Effective Technologies Act of 2002, 6 C.F.R. Part 25, 71 Fed. Reg. 33147, 33159 (June 8, 2006) (the "Regulations"). Pursuant to Section 25.3 of the Regulations, the Secretary of the Department of Homeland Security has delegated her responsibilities, powers, and functions under the SAFETY Act, except the authority to declare that an act is an Act of Terrorism for purposes of Section 444(2) of the SAFETY Act, to the "Under Secretary for Science and Technology of the Department of Homeland Security or the Under Secretary's designees." The Under Secretary for Science and Technology has designated the Deputy Under Secretary for Science and Technology as another senior official who, in addition to the Under Secretary for Science and Technology, has authority to make SAFETY Act determinations regarding Designations, Certifications, and other matters in accordance with the SAFETY Act and the Regulations.

After thoroughly reviewing the analysis of the Office of SAFETY Act Implementation regarding this application for renewal and the Technology, I have determined that the Technology satisfies the criteria set forth in Section 441(b) of the SAFETY Act and the corresponding criteria in Section 25.4(b) of the Regulations. Accordingly, I hereby designate the Technology as a Qualified Anti-Terrorism Technology and issue a Designation (as defined in Section 25.2 of the Regulations) for the Technology to OSI Systems, Inc., and Rapiscan Systems, Inc. (the "Seller").

Please be advised, in renewing your Designation, the renewal Technology Description provided in the attached Exhibit A has been tailored to reflect approval of specific Technology models for which supportive effectiveness data were submitted and/or independently obtained. Additionally, previously awarded Technology models no longer in production have not been included in the enclosed Exhibit A.

TERMS AND CONDITIONS

- Description of Technology. This Designation applies only to the Technology described in Exhibit A (attached).
- Seller of the Technology. OSI Systems, Inc., a Delaware corporation, and Rapiscan Systems, Inc., a California corporation, are the Sellers of the Technology for purposes of the SAFETY Act, the Regulations (including Section 25.2 of the Regulations), and this Designation.
- Term of Designation. This Designation is effective on the date of this Certificate of Designation (the “Designation Issuance Date”) and will terminate on June 30, 2016 (the “Designation Termination Date”), unless it is terminated earlier in accordance with the Regulations (in which event the earlier date of termination shall be deemed to be the “Designation Termination Date”). The Seller may apply for renewal of this Designation at any time beginning on June 30, 2014.
- Earliest Date of Sale. For purposes of Section 25.7(c) of the Regulations, the earliest date of sale of the Technology to which this Designation applies is January 1, 1999 (the “Earliest Date of Sale”). This Designation applies, and will apply, to all sales of the Technology by the Seller that were or are consummated at any time during the period commencing on the Earliest Date of Sale and ending on the Designation Termination Date.
- Insurance.
 - Liability Insurance Required: Pursuant to Section 443(a) of the SAFETY Act and Sections 25.5(a) and (g) of the Regulations, the Seller shall obtain or maintain the following liability insurance for otherwise compensable third-party claims arising out of, relating to, or resulting from an Act of Terrorism when the Technology has been deployed in defense against, response to, or recovery from such an act:
 - The Seller shall obtain and maintain, on an annual basis, third-party liability coverage for Acts of Terrorism with a per-occurrence level of no less than \$26,000,000.

- For claims not covered by policies the Seller obtained and maintained due to exclusions, the Seller will have no liability or a liability less than \$26,000,000.
- Policy Erosion: The Seller shall report to the Office of SAFETY Act Implementation any material change to the Seller's required liability insurance policies, including any event which may reduce the liability insurance amounts that would be available to satisfy third-party claims in the event of an Act of Terrorism. Material reductions in the Seller's current policies due to other claims, defense costs, and other factors shall also be reported.
- Insurance Certification: Pursuant to Section 25.5(h) of the Regulations, within 30 days after the Designation Issuance Date, the Seller must certify in writing to the Under Secretary for Science and Technology that the Seller has obtained and will maintain the liability insurance this Designation requires. In accordance with the Department's interpretation of the SAFETY Act and the Regulations, I have determined that during the term of this Designation none of the entities specified in Sections 443(a)(3)(A) and (B) of the SAFETY Act and the corresponding provisions in the Regulations (Section 25.5(c)) has or will have any "potential liability for involvement in the manufacture, qualification, sale, use, or operation of Qualified Anti-Terrorism Technologies deployed in defense against, response to, or recovery from an Act of Terrorism" (within the meaning of Section 443(a)(3) of the SAFETY Act and Section 25.5(c) of the Regulations), and therefore it is not mandatory that the liability insurance required above protect such entities.
- Special Restrictions on Transfer and Assignment. None
- Special Restrictions on Licensing. None
- Other Conditions. The Designation only applies to the following models of the Rapiscan Conventional X-ray Detection Systems: 515, 520B, 522B, 618XR, 620DV, 620XR, 622XR, 624XR, 626XR, 627DV, 627XR, 628DV, 628XR, 632DV, 632XR, 636SV, 638DV, and 638XR.

Except for terms expressly defined in this Designation, all terms used in this Designation shall have the meanings ascribed to them in the SAFETY Act or the Regulations. This Designation is issued under the authorities set forth in, and in accordance with, the SAFETY Act and the Regulations. The SAFETY Act and the Regulations contain other requirements that are applicable to the Seller and the Technology. In the event of any conflict between this Designation and the SAFETY Act or the Regulations, the SAFETY Act or the Regulations (as the case may be) shall take precedence and shall control. This issuance of Designation under the SAFETY Act does not constitute compliance with any statutory or regulatory requirements other

than those imposed by the SAFETY Act and the Regulations, and does not relieve the Seller of any obligations it might have under any other Federal, State, or local statutes or regulations.

Any questions regarding this Designation should be directed to the SAFETY Act Help Desk by e-mail at SAFETYActHelpDesk@dhs.gov or by phone at 1-866-788-9318. Please reference application number C-EXPL-BIAGINIOSI-0001-3-REN2 (F-94-E) in all correspondence.

Sincerely,



Paul Benda
Deputy Under Secretary for Science and Technology
(Acting)

Attachment:

1. OSI Systems, Inc., and Rapiscan Systems, Inc., Exhibit A

EXHIBIT A

F-94-E

**OSI SYSTEMS, INC.
AND RAPISCAN SYSTEMS, INC.
C-EXPL-BIAGINIOSI-0001-3-REN2 – RAPISCAN CONVENTIONAL X-RAY
DETECTION SYSTEMS**

OSI Systems, Inc., a California corporation, and Rapiscan Systems, Inc., a California corporation, provide Rapiscan Conventional X-ray Detection Systems which are non-intrusive X-ray devices using ionizing radiation, software, and hardware to create a display for an operator to view a density-based picture in which shapes and material types contained in baggage, parcels, or other containers are outlined (the "Technology"). The Technology can be used to screen baggage, parcels, or containers in mobile or fixed locations. The Technology is designed to be effective against conventional explosives or incendiary weapons, including improvised explosive devices. The Technology covered by this Designation is limited to specific models of the Rapiscan Conventional X-ray Detection Systems in the 500 and 600 Model Lines as follows:

- Rapiscan Conventional X-ray Detection Systems 500 Model Line: 515, 520B and 522B
- Rapiscan Conventional X-ray Detection Systems 600 Model Line: 618XR, 620DV, 620XR, 622XR, 624XR, 626XR, 627DV, 627XR, 628DV, 628XR, 632DV, 632XR, 636SV, 638DV, and 638XR

Also included in the Technology are associated products and services such as: operation and maintenance training; system installation and integration; preventative maintenance; warranty and maintenance services; spare parts; personnel qualifications; technical manuals; image interpretation aids; system removal; peripherals; and software and hardware upgrades.