

## American Traffic Solutions, Inc. Proprietary Rights and Non-Competition Agreement

*THIS AGREEMENT CREATES IMPORTANT OBLIGATIONS WHICH ARE BINDING. PLEASE READ IT IN FULL BEFORE YOU SIGN.*

I recognize the importance of protecting the Company's relationships and its rights to inventions, discoveries, ideas, confidential information and other intellectual property and for good and valuable consideration which I have received, including my engagement to provide services to the Company as an independent contractor or employee (in either event referred to hereinafter as my "Relationship with the Company") or the continuation of my Relationship with the Company, I agree to the following:

1. DEFINITIONS. For the purposes of this Agreement:

(a) "Affiliates" means any corporation, firm, limited liability company, partnership or other entity that directly or indirectly controls or is controlled by or is under common control with a Party.

(b) "Business Territory" means the entire United States, unless a court of competent jurisdiction determines that that geographic scope is unenforceable under applicable law because it is too broad, in which case the Business Territory shall be amended by eliminating geographical areas and states from the following list until the Business Territory is the maximum area determined to be reasonable: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Arizona. I acknowledge and agree that if any of said geographic areas or States are required by law to be eliminated, it would be fair and appropriate to do so in the inverse order of the volume of revenue received by the Company in the year prior to, and projected to be received in the year following, the time of determination in such area or State.

(c) "Company" means American Traffic Solutions, Inc., a Kansas corporation, and its Affiliates.

(d) "Computer Information" means all information and communications created, received, or stored on or passed through the Company's computer and communications systems and Company information located on any personal computer. Among other things, Computer Information includes all of my files, voice mail and e-mail.

(e) "Confidential Information" means information (including information created by me) that is not generally known about the Company or its business, including without limitation about its products, projects, designs, developmental or experimental work, computer programs, software, data bases, know-how, processes, formulas, customers, business partners, suppliers, business plans, marketing plans and strategies, finances, employee compensation, or personnel, and information obtained from third parties under confidentiality agreements. The term "software" includes software in various stages of development or any product thereof and includes without limitation the literal elements of a program (source code, object code or

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otherwise), its audiovisual components (menus, screens, structure, and organization), any human or machine readable form of the program, and any writing or medium in which the program or the information therein is sorted, written or described, including without limitation diagrams, flow charts, designs, drawings, specifications, models, data and customer information.

(f) "Creation" means any invention, discovery, idea, concept, design, process, work of authorship, development or improvement (whether or not subject to copyright or patent protection and whether or not reduced to practice by me): (i) relating to any past, present or reasonably anticipated business of the Company and which is or was created or otherwise developed during my Relationship with the Company; (ii) which is or was created or otherwise developed while performing work for the Company; or (iii) which is or was created or otherwise developed at any time using equipment, supplies, facilities, information or proprietary rights or other property of the Company.

(g) The "Employee Non-Solicitation Period" and the "Client Non-Solicitation Period" mean a period of 18 months following the termination of my Relationship with the Company, unless a court of competent jurisdiction determines that that period is unenforceable under applicable law because it is too long, in which case the Employee Non-Solicitation Period or the Client Non-Solicitation Period shall be for the longest of the following periods that the court determines is reasonable under the circumstances: 15 months, 12 months, 9 months, or 6 months following the termination of my Relationship with the Company.

(h) The "Non-Competition Period" means a period of 12 months following the termination of my Relationship with the Company, unless a court of competent jurisdiction determines that that period is unenforceable under applicable law because it is too long, in which case the Non-Competition Period shall be for the longest of the following periods that the court determines is reasonable under the circumstances: 11 months, 10 months, 9 months, 8 months, 7 months or 6 months following the termination of my Relationship with the Company.

(i) "Restricted Field" means the business of developing and marketing traffic control solutions, which include without limitation, photo, speed and red light automated enforcement technologies, parking systems, electronic toll collection, toll and traffic violation enforcement management, automated revenue collection processing systems and software, related transaction processing operations, license and title processing operations, and any other future business of the Company. The Company is in the business of developing, manufacturing, marketing, selling and otherwise providing products, hardware, software, materials and support services in the Restricted Field.

## 2. OWNERSHIP OF CREATIONS.

(a) Inventions Retained. I represent that all matters which I have created or otherwise developed prior to my Relationship with the Company or my signing this Agreement, which I wish to exclude from my obligations to the Company under this Agreement, are listed below. If no items are listed below, I represent that there are no such matters to be excluded.

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(b) Assignment of Creations. I hereby agree to hold in trust for the sole right and benefit of the Company and assign to the Company all my right, title and interest in and to any and all Creations created or otherwise developed, alone or in conjunction with others. I further agree to assign to any third party, including the United States government, all my right, title and interest in and to any and all Creations whenever such assignment is requested by a contract between the Company and such third party.

(c) Maintenance of Records. I agree to keep and maintain adequate and current written records of all Creations made by me, in the form of notes, sketches, drawings and other notations which may be specified by the Company, which records shall be available to and remain the sole property of the Company at all times.

(d) Disclosure of Creations and Filings. I agree to promptly disclose to the Company in writing all Creations created or otherwise developed by me alone or in conjunction with others, as well as any and all patent applications or copyright registrations filed by me during and within one (1) year after termination of my Relationship with the Company.

(e) Assistance. During and after the period of my Relationship with the Company, I agree that I will give the Company all assistance it reasonably requires (at the Company's expense) to file for, maintain, protect and enforce the Company's patents, copyrights, trademarks, trade secrets and other rights in Creations, in any and all countries. To that end I will sign documents and do other acts which the Company may determine necessary or desirable including, without limitation, giving evidence and testimony in support of the Company's rights hereunder.

(f) Intellectual Property Rights in Works of Authorship. I acknowledge and agree that any intellectual property rights in Creations which are works of authorship belong to the Company and are "works made for hire" within the definition of section 101 of the United States Copyright Acts of 1976, Title 17, United States Code. The Company or any of its direct or indirect licensees shall not be obligated to designate me as author of any design, software, firmware, related documentation, or any other work of authorship when distributed publicly or otherwise, nor to make any distribution.

### 3. CONFIDENTIAL INFORMATION

(a) Ownership of Confidential Information. All Confidential Information that I create or otherwise develop or that comes into my possession or that previously came into my possession shall be and remain the exclusive property of the Company. Unless authorized in writing by the Company, I will maintain all Confidential Information in confidence and, except as necessary in conjunction with my work for the Company, will not copy or make notes of, divulge to anyone outside the Company or use any of the Confidential Information for my own or another's benefit, either during or after the term of my Relationship with the Company. I agree that I will promptly disclose to the Company all Confidential Information developed by me. I will abide by any policies and procedures adopted from time to time by the Company to facilitate such disclosures.

(b) No Disclosure or Use of Confidential Information. Unless authorized in writing by the Company, I will maintain all Confidential Information in confidence and, except as necessary in conjunction with my work for the Company, will not copy or make notes of, divulge to anyone outside the Company or use any of the Confidential Information for my own or another's benefit, either during or after the term of my Relationship with the Company. I agree that I will promptly

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disclose to the Company all Confidential Information developed by me. I will abide by any policies and procedures adopted from time to time by the Company to facilitate such disclosures.

(c) Returning the Company Documents and Tangible Property. Upon request of the Company and, in any event, upon termination of my Relationship with the Company, I will promptly surrender and deliver to the Company (and will not keep in my possession or deliver to anyone else) and agree not to use any Confidential Information, records, data, notes, reports, proposals, lists, correspondence, computer code, specifications, drawings, blueprints, sketches, flow diagrams, materials, equipment, devices or any other documents or property (including photocopies or other reproductions of any of the aforesaid items) of the Company.

(d) Confidential Information of Third Parties. During my Relationship with the Company I may receive, under non-disclosure agreements agreed to by authorized representatives of the Company, information claimed by third parties to be their confidential information. I agree that I will respect such agreements and will not disclose such information to any person or organization, except as is necessary in carrying out my work for the Company consistent with the Company's agreement with such third parties. At the request of the Company and, in any event, upon the termination of my Relationship with the Company, I will promptly surrender to the Company any such information.

4. NON-USE OF PROPERTY OF THIRD PARTIES. During my Relationship with the Company, I will not improperly use or disclose any confidential or proprietary information or property of any third party (including any former employer).

5. NO PRIOR RESTRICTIONS. I hereby represent and warrant that I am free to enter into my Relationship with the Company and that there are no contracts or restrictive covenants preventing full performance of my duties.

6. LIMITATIONS ON COMPETITIVE ACTIVITIES DURING RELATIONSHIP. During my Relationship with the Company, I will not, alone or with others, directly or indirectly, work on, plan, prepare for, organize or engage in any consulting, employment or other business activity (whether or not for compensation) that is competitive with the business in which the Company is involved or may hereafter become involved, nor will I engage in any other activity that conflicts with my obligations to the Company. Prior to working on, planning, preparing for, organizing or engaging in any consulting, employment or other business activity outside my Relationship with the Company, I will consult with my department Vice President or supervisor to ensure that no conflict of interest with the Company exists.

7. PUBLISHING. Unless approved by the Company in writing, I will not publish anything in the Company's business areas of interest during my Relationship with the Company.

8. EXPORT LAW ASSURANCES. I agree and certify that no technology, software or any other technical data received from the Company, or the direct product thereof, will be downloaded, shipped, transferred or re-exported, directly or indirectly, to any countries designated from time to time by the U.S. government for non-export of regulated technology.

9. NO GUARANTEE OF EMPLOYMENT. I expressly acknowledge and agree that this is not an agreement by the Company to employ me, or otherwise engage my services, for any period, and unless otherwise expressly agreed in writing between me and the Company, my Relationship with the Company may be terminated at any time, with or without cause by either

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myself or the Company. All of the terms of this Agreement shall survive any termination of my Relationship with the Company.

10. NO EXPECTATION OF PRIVACY. The Company retains the right, with or without cause or notice to me, to access or monitor all Computer Information, including but not limited to my e-mail and voice mail. I agree that I have no reasonable expectation of privacy in the Computer Information and expressly waive any right of privacy or similar right in the Computer Information. I agree that Computer Information is the sole and exclusive property of the Company. Any of my files, e-mail or other Computer Information stored on the Company's computer and/or communications systems shall become the property of the Company. I agree that I shall not install or use encryption software on any of the Company's computers without first obtaining written permission from my department Vice President or supervisor. I agree that I shall not use passwords or encryption keys that are unknown to my manager or supervisor.

11. POST-EMPLOYMENT RESTRICTIONS.

(a) Non-Solicitation of Employees. I acknowledge the character of the Company's business and the substantial amount of time, money and effort that the Company has spent and will spend in recruiting competent employees and contractors, and I agree that I will not, during my Relationship with the Company and during the Employee Non-Solicitation Period, alone or with others, directly or indirectly, solicit for employment, hire, or employ, or assist any other entity or person in soliciting for employment, hiring, or employing any employee or contractor who is or who is hereafter employed or engaged by the Company. The Employee Non-Solicitation Period shall be tolled while I am in breach hereof.

(b) Non-Solicitation of Clients. I acknowledge the character of the Company's business and the substantial amount of time, money and effort that the Company has spent and will spend in building relationships with customers and clients in the Business Territory, and I agree that during the Client Non-Solicitation Period, I will not, alone or with others, directly or indirectly, solicit or cause to be solicited for the purpose of selling products or services substantially similar to the Company's products and services at the time of my termination, or provide, or offer to provide, services, directly or indirectly, for, any client, customer, or subcontractor with whom I have had contact on behalf of the Company, or as a result of my Relationship with the Company, within the 18 months preceding termination of my Relationship with the Company, nor will I induce, attempt to induce, or encourage any client, customer, supplier, licensee, or other business relation of the Company to cease doing business with the Company or otherwise interfere with the relationship between the Company and such person or entity. The Client Non-Solicitation Period shall be tolled while I am in breach hereof.

(c) Non-Competition. I acknowledge that the Company does business throughout the Business Territory and further acknowledge the substantial amount of time, money and effort that the Company has spent and will spend in building its products, services, employee and customer relationships and development of strategically important information, and agree that during the Non-Competition Period, I will not, alone or with others, directly or indirectly, work on, plan, prepare for, organize or engage in any business activity with a competitor of the Company (whether or not for compensation) within the Restricted Field (or which I am aware the Company intends to include in the Restricted Field) in the Business Territory. The Non-Competition Period shall be tolled while I am in breach hereof.

(d) Reasonableness. I agree that the restrictions contained in this Agreement are fair and reasonable and necessary for the protection of the legitimate business interests of the

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Company, and I intend that such restrictions be enforceable and enforced to their fullest extent. I acknowledge that I can earn a livelihood without violating any of the undertakings contained in this Agreement, and that the restrictions in this Agreement will not prevent me from obtaining employment in many different jobs within my chosen field of work. I further acknowledge that it would take at least 12 months to locate, hire and adequately train my replacement and to give my replacement sufficient time to develop a good business relationship with the clients with whom I work during my Relationship with the Company.

(e) Remedies.

(i) I acknowledge that any violation of this Agreement may result in immediate termination of my Relationship with the Company and may subject me to a civil action for money damages by the Company for any and all losses sustained as a result of the unauthorized disclosure of any Confidential Information or other actions which breach any provision of this Agreement or any of the covenants contained herein.

(ii) I recognize that the Company's remedies at law may be inadequate and that Company shall have the right to seek injunctive relief in addition to any other remedy available to it. If I breach this Agreement or any of the covenants contained herein, the Company has the right to seek issuance of a court-ordered injunction as well as any and all other remedies and damages, to compel the enforcement of the terms stated herein. This provision with respect to injunctive relief shall not, however, diminish the right of the Company to claim and recover damages in addition to injunctive relief. If court action is necessary to enforce this Agreement, I shall be responsible for the Company's reasonable attorney's fees and costs.

(f) Notice to My Future and Prospective Employers. I agree that the Company shall have the right to notify my future or prospective employers of the terms of this Agreement (including but not limited to providing a copy of this Agreement) without in any manner being liable for such action.

12. MISCELLANEOUS

(a) Severability. If any provision of this Agreement or portion thereof is determined by a court of competent jurisdiction to be wholly or partially unenforceable for any reason, such provision or portion thereof shall be considered separate from the remainder of this Agreement, which shall remain in full force and effect. Any court of competent jurisdiction is authorized to "blue-pencil" any unenforceable or unreasonable portion of this Agreement to eliminate grammatically severable words, phrases, sentences, or paragraphs in order to render the remaining language enforceable and reasonable.

(b) Waiver. The Company's waiver or failure to enforce any violation or provision of this Agreement shall not constitute a waiver of its rights hereunder with respect to any other or continuing violation or provision of this Agreement, and shall be effective only if in writing, signed by the Company, and then only in the specific instance and for the specific purpose given.

(c) Governing Law. This agreement shall be governed by and construed and enforced in accordance with the laws of the State of Arizona, without regard to principles of conflicts of law. I understand that the Company's business operations are centralized in Arizona, that even if I reside outside of Arizona I will have regular contacts with the business operations in Arizona, and I agree that suit to enforce any provision of this Agreement or to

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obtain any remedy with respect hereto may be brought in Superior Court, Maricopa County, Arizona or the United States District Court for the District of Arizona, and for this purpose I hereby expressly and irrevocably consent to the jurisdiction of these courts.

(d) Successors. This Agreement shall be for the benefit of and be binding upon: (i) my executors, heirs, and personal representatives, and (ii) the successors and assigns of the Company.

(e) Entirety of Agreement. This Agreement supersedes all prior agreements concerning Creations, Computer Information, Confidential Information, Non-Solicitation, Non-Competition and the other matters referred to herein between myself and the Company. No amendment or modification of this Agreement shall be deemed effective unless made in writing signed by me and the Company.

(f) Acknowledgment. I acknowledge that I have received, read, and understand this Proprietary Rights Agreement

(g) Counterparts and Facsimile Signatures. This Agreement may be signed in counterparts and by facsimile signatures, and all such signed counterparts taken together shall constitute one document.

**Employee or Independent Contractor:**

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Signature

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Print Name

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Date

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