AMENDMENT TO THE EXCLUSIVE AGREEMENT BETWEEN THE CITY OF DALY CITY, CALIFORNIA AND REDFLEX TRAFFIC SYSTEMS, INC. FOR A PHOTO RED LIGHT ENFORCEMENT PROGRAM

This Amendment ("Amendment") is made as of the date of the last signature contained herein to the Agreement for Photo Red Light Enforcement Program (the "Agreement") executed on or about May 11, 2007 between Redflex Traffic Systems, Inc. ("Redflex"), a Delaware Corporation with offices located at 23751 N. 23rd Avenue, Suite 150, Phoenix Arizona 85085 and The City of Daly City, a municipal corporation with offices at 333 90th Street, Daly City, California 94015 (the "Customer" or "City"), individually a "Party" and collectively referred to as the "Parties".

RECITALS

WHEREAS, Redflex has exclusive knowledge, possession and ownership of certain equipment, licenses, applications, and citation processes related to digital photo red light enforcement systems; and

WHEREAS, the Customer desires to continue to engage the services of Redflex to provide certain equipment, processes and back office services so that Authorized Employees of the Customer are able to monitor, identify and enforce photo red light violations; and

WHEREAS, the Parties desire to modify and amend certain provisions of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other valuable consideration received, the receipt and sufficiency of which are hereby acknowledged, the Parties amend the Agreement as follows:

AMENDED TERMS AND CONDITIONS

1. Modifications to Exhibit "D". Exhibit "D" is hereby deleted in full and replaced with the following language quoted below:

> "Commencing on the expiration of the Warning Period for each Designated Intersection Approach, Customer shall be obligated to pay Redflex a fixed fee of $6,000 per month for each Designated Intersection Approach ("Fixed Fee") as full remuneration for performing all of the services contemplated in this Agreement.

BUSINESS ASSUMPTIONS FOR ALL PRICING OPTIONS:

1. Redflex construction will be able to utilize existing conduit for installation where space is available.
2. Each year the pricing will increase by the CPI. CPI will be derived from the publication of the U.S. Department of Labor Consumer Price Index for U.S. City average.
3. Customer agrees to pay Redflex within thirty (30) days after the invoice is received. A monthly late fee of 1.5% is payable for amounts remaining unpaid 60 days from date of invoice."

2. Modifications to Exhibit "E" - Signage. Provision 2 of Exhibit "E" – "Additional Rights and Obligations" is hereby deleted in full and replaced with the following language quoted below:

> "The City shall be solely responsible for the content, fabrication, and the determination of the placement of the Signage ("Signage") and any and all notices or other postings required pursuant to any law, rule or regulation of any Governmental Authority including but not limited to the Vehicle Code. The City shall solely be responsible for the regular inspection and maintenance of all Signage, provided, however that Redflex shall reimburse the City for all costs associated with such installation and maintenance of such Signage, notices or other postings required."

3. Enforceability of Non-Amended Terms and Conditions. Except as expressly amended in writing in this Amendment, the terms and conditions of the Agreement and any and all amendments, attachments and exhibits attached thereto and incorporated herewith by reference shall be unchanged and shall remain enforceable and in full force and effect.

4. Relationship Between Redflex and the City. Nothing in this Amendment or the Agreement shall create, or be deemed to "create, a partnership, joint venture and/or the relationship of principal and agent and/or employer and employee between the Parties. The relationship between the Parties shall be that of independent contractors, and nothing contained herein shall permit, authorize, sanction and/or allow, at any time, either Party to incur any debts and/or liabilities on behalf of the other Party.

5. Headings. The captions, titles, paragraph headings used in this Amendment are for convenience only, and are not a part of this Amendment, and shall not be deemed relevant in construing and/or interpreting this Amendment.

6. Execution And Counterparts. This Amendment may be signed in counterparts, and each counterpart shall be deemed an original, but all of which shall constitute one and the same instrument. The Parties agree that such counterpart shall be effective and enforceable on or about the date of the last required signature.

7. Covenant of Further Assurances. All Parties to this Amendment shall take, undertake, approve, sanction, and perform, in full, any and all acts and activities and execute and deliver any and all certificates, documents, permits, licenses, agreements, contracts, written

instruments and other papers deemed necessary and appropriate for successful and complete compliance with each and every term and condition of this Amendment.

8. Authority to Execute. The undersigned individuals hereby warrant and represent that they have full authority to execute this Amendment on behalf of the entities for which they have signed.

9. Legal Competence. The Parties hereto expressly represent and warrant that they are legally competent to execute this Amendment and that they do so of their own free will and accord without reliance on any representations of any kind or character not expressly set forth herein.

10. No Duress. The Parties expressly represent and warrant that this Amendment has been freely and voluntarily entered into and that the Parties did not execute this Amendment under duress of any kind, from any Party or person, regardless of whether they are a signatory hereto.

11. Joint Efforts. This Amendment has been prepared by the joint efforts of the respective attorneys for the Parties and each Party acknowledges and agrees that the general rule of contract construction providing that the provisions of a contract are to be strictly construed against the drafter of the agreement is hereby waived.

12. No Waiver. No waiver of any of the terms of this Amendment shall be binding unless in writing and signed by all Parties hereto. No waiver of any term of this Amendment shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

13. Severability. The invalidity or unenforceability of any paragraph or provision of this Amendment shall not affect the validity or enforceability of the remainder of this Amendment, or the remainder of any paragraph or provision. This Amendment shall be construed in all respects to the fullest extent permitted by law, and as if any invalid or unenforceable paragraph or provision was omitted.

14. Understanding. The Parties to this Amendment represent that they have received independent advice of counsel concerning the meaning and legal effect of the terms of this Amendment. After such counseling, the Parties represent that they fully understand this Amendment and its terms, and, with this full understanding, voluntarily enter into this Amendment as evidenced by signing it below. The Parties have read and understand all terms and conditions of this Amendment.

15. Binding Effect. This Amendment shall inure to the benefit of and be binding upon the assigns and successors of the respective Parties.

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IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as set forth below.

Approved as to form, content and legality:

The City of Daly City:

By: Patricia E. Martel
Name: Patricia E. Martel
Title: City Manager
Date: 10/27/2011

Redflex Traffic Systems, Inc.:

By: Sean K Nolen
Name: Sean K Nolen
Title: CFO
Date: 10-18-11

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