

**AMENDMENT NUMBER ONE
TO
TRAFFIC SIGNAL VIOLATION VIDEO-ENFORCEMENT
SYSTEM LEASE & SERVICES AGREEMENT**

This Amendment Number One is made and entered into this 2nd day of February, 2009 ("**Effective Date**") by and between Nestor Traffic Systems, Inc., a Delaware corporation having a place of business at 42 Oriental Street, Providence, RI 02908 ("**Nestor**"), and San Juan Capistrano, a municipal corporation of the State of California having an address of 32400 Paseo Adelanto, San Juan Capistrano, CA 92675 (the "**Municipality**", and together with Nestor, the "**Parties**", and each singularly, a "**Party**").

WHEREAS, the Parties entered into a Traffic Signal Violation Video-Monitoring System Lease and Services Agreement on June 29, 2007 (the "**Agreement**"); and

WHEREAS, the Parties now wish to amend the Agreement to address a recent California Superior Court, Appellate Division, decision;

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Pursuant to the Judgment on Appeal from the Superior Court, County of Orange, North Justice Center, as issued on November 21, 2008 by The Honorable Robert J. Moss, Presiding Judge, in Case No. 30-2008-93057 (the "**Decision**"), Section 4.6 of the Agreement (the "**Cost Neutral Provision**") is hereby suspended and shall no longer be in effect.
2. If and when the Decision is overturned, overridden or for any other reason whatsoever is no longer controlling and a Cost Neutral Provision is allowed under California Vehicle Code Section 21455.5(g) or other controlling law, the Parties agree that the Cost Neutral Provision of the Agreement shall automatically go into effect.
3. All terms not defined herein shall have the same meaning and use as set forth in the Agreement.
4. All other terms, conditions and provisions of the Agreement not in conflict with this Amendment Number One shall remain in full force and effect.

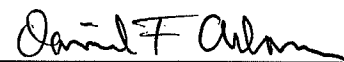
IN WITNESS WHEREOF, the Parties hereto have set their hand by their duly authorized representative as of the day and year first written above.

NESTOR TRAFFIC SYSTEMS, INC.

By: 

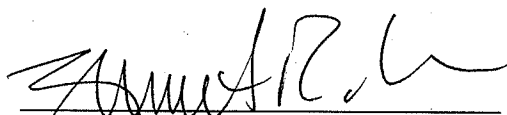
Name: Michael James
Title: Chief Executive Officer

CITY OF SAN JUAN CAPISTRANO, CALIFORNIA

By: 

Name: Dave Adams
Title: City Manager

Attest:



Meg Monahan, City Clerk

Approved as to form:



Omar Sandoval, City Attorney