

## TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1  
Stylesheet Version v1.2

ETAS ID: TM300122

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	Bankruptcy Court Order releasing all liens, including the security interest recorded at Reel/Frame 4420/0530

## CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
PNC Bank, National Association		06/26/2012	National Association: UNITED STATES

## RECEIVING PARTY DATA

<b>Name:</b>	DRI Corporation
<b>Street Address:</b>	900 Klein Road
<b>City:</b>	Plano
<b>State/Country:</b>	TEXAS
<b>Postal Code:</b>	75074
<b>Entity Type:</b>	CORPORATION: NORTH CAROLINA

## PROPERTY NUMBERS Total: 9

Property Type	Number	Word Mark
<b>Serial Number:</b>	77645063	A WORLD OF TRANSIT COMMUNICATIONS AND SE
<b>Registration Number:</b>	3832759	MOBILITE
<b>Registration Number:</b>	3811925	INFORMING YOUR PASSENGERS...WHILE MANAGI
<b>Serial Number:</b>	77723808	TRANSITMEDIA
<b>Serial Number:</b>	77809314	MOBIVISION
<b>Registration Number:</b>	3789835	OTVIA
<b>Registration Number:</b>	3789836	OTVIA2
<b>Registration Number:</b>	3677882	VACTELL
<b>Registration Number:</b>	3730080	LIVELOOK-IN

## CORRESPONDENCE DATA

Fax Number: 3128622200

*Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.*

Phone: 312-862-6371

Email: renee.prescan@kirkland.com

Correspondent Name: Renee Prescan

Address Line 1: 300 North LaSalle Street

Address Line 2: Kirkland &amp; Ellis LLP

Address Line 4: Chicago, ILLINOIS 60654

TRADEMARK

<b>ATTORNEY DOCKET NUMBER:</b>	37869-193 RMP
<b>NAME OF SUBMITTER:</b>	Renee M. Prescan
<b>SIGNATURE:</b>	/Renee M. Prescan/
<b>DATE SIGNED:</b>	04/02/2014

**Total Attachments: 128**

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SO ORDERED.

SIGNED this 26 day of June, 2012.

*Randy D. Doub*  
Randy D. Doub  
United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF NORTH CAROLINA  
RALEIGH DIVISION

<p><b>IN RE:</b></p> <p><b>DRI CORPORATION, et al.,</b></p> <p><b>DEBTORS</b></p>	<p><b>CASE NO. 12-02298-8-RDD</b> <b>(CONSOLIDATED FOR PURPOSES OF ADMINISTRATION)</b></p> <p><b>CHAPTER 11</b></p>
<p><b>Order Approving Sale Of Substantially All Assets Free And Clear, Transferring Liens To Proceeds, And Granting Other Relief</b></p>	

THIS MATTER came before the Court after due notice and hearing on June 20, 2012 (the “**Final Hearing**”) in connection with the *Motion To (A) Approve Sale Of Substantially All Assets, (B) Establish Related Sale Procedures And Approve Expense Reimbursement, (C) Transfer Any And All Claims, Liens, Encumbrances And Interests (Other Than Permitted Encumbrances) In Sale Assets To Proceeds Of Sale, (D) Approve Form And Manner Of Notice Of Sale, (E) Authorize Debtors To Assume And Assign Certain Leases And Executory Contracts, And (F) Schedule Hearings To Establish Sales Procedures And Confirm Sale* (the “**Sale Motion**”) [Docket No. 70] filed by DRI Corporation (“**DRI**”), Digital Recorders, Inc. (“**Digital Recorders**”), TwinVision of North America, Inc. (“**TwinVision**”), and Robinson Turney International, Inc. (“**RTI**,” and collectively, the “**Debtors**”), pursuant to §§ 105, 363 and 365 of

the Bankruptcy Code and Rules 2002, 6004, 6006 and 9006 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

Objections to the Sale Motion (the “**Objections**”) were filed by The Official Committee of Unsecured Creditors (the “**Committee**”) and the Bankruptcy Administrator (the “**BA**”).

Upon further consideration of the Sale Motion, the Objections, the evidence submitted in support thereof, and the arguments and submissions made on the record at the Final Hearing by counsel for the Debtors, counsel for the Committee, counsel for BHC (as defined below), and the BA, and no other parties wishing to be heard, and sufficient cause appearing, the Court makes the following findings of fact and conclusions of law:

- A. On March 25, 2012 (the “**Petition Date**”), the Debtors filed voluntary petitions seeking relief under Chapter 11 of the Bankruptcy Code. The Debtors continue in possession of their assets and operate their businesses as debtors-in-possession. The cases have been consolidated for purposes of administration only by order entered on March 29, 2012.
- B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§157 and 1334, and this matter is a core proceeding under 28 U.S.C. §157(b)(2). Venue is proper pursuant to 28 U.S.C. §§1408 and 1409.
- C. Shortly after the Petition Date, the Debtors entered into an Asset Purchase Agreement (as amended, modified or supplemented from time to time, including, without limitation, pursuant to that certain Amendment No. 1 to Asset Purchase Agreement dated as of June 25, 2012 (“**Amendment No. 1**”), the “**Asset Purchase Agreement**”) pursuant to which the Debtors agreed to sell, and DRI Holding Vehicle, LLC (or any of its designees or assignees (as permitted under the Asset Purchase Agreement), the “**Initial Purchaser**,” an entity formed by or at the direction of Levine Leichtman Capital Partners, Inc.) agreed to purchase, certain specified assets (collectively, the “**Sale Assets**”), including, without limitation, certain executory contracts and unexpired leases of the Debtors (collectively, the “**Assumed Contracts**”) under a mutually acceptable sale process, all subject to approval by the Court and the other terms and conditions set forth in the Asset Purchase Agreement. A copy of the Asset Purchase Agreement is attached hereto as Exhibit A. A copy of Amendment No. 1 is attached hereto as Exhibit B.

- D. On April 2, 2012, the Debtors filed the Sale Motion. The Sale Motion sought entry of (a) the Sale Procedures Order (as defined below) and (b) this order (this “**Sale Order**”), among other things, approving (i) the sale and transfer of the Sale Assets to Initial Purchaser or any other party submitting the highest and best bid at an auction, if any, conducted pursuant to the Sale Procedures Order (as defined below), and (ii) by separate motion, the assumption and assignment of such executory contracts or unexpired leases as may be specifically identified by the Purchaser (as defined in the Sale Motion).
- E. The Sale Motion provided that BHC Interim Funding III, L.P. (“**BHC**”), had not consented to the sale of the Sale Assets, unless all of the Obligations (as defined in the DIP Credit Agreement (as defined below)) are indefeasibly paid in full to BHC in cash at closing. The Sale Motion further provided that if the proceeds from the sale are insufficient to pay the Obligations owed to BHC and the administrative claims in full, the Debtors will be unable to close the sale unless the parties, including BHC, that are to be paid at closing otherwise agree.
- F. On May 12, 2012, the Court entered an *Amended Order Approving (A) Form And Manner Of Notice And Sale Procedures, (B) Setting Deadlines For Bids And Objections, And (C) Scheduling Auction And Final Hearing* (as amended, the “**Sale Procedures Order**”) [Docket No. 164] which order, among other things, approved the procedures to govern the sale of the Sale Assets (the “**Sale Procedures**”) and scheduled the Final Hearing on the Sale Motion for 1:00 p.m. on June 20, 2012.
- G. On June 5, 2012, the Debtors filed a *Motion To Authorize The Debtors To Assume And Assign, Or To Reject, Certain Executory Contracts And Unexpired Leases Conditional Upon Approval And In Conjunction With Closing Of A Sale Of The Debtors’ Assets* (the “**Assumption and Assignment Motion**”) [Docket No. 191]. Pursuant to the Assumption and Assignment Motion, the Debtors sought, among other things, the entry of an order (the “**Assumption and Assignment Order**”) (a) authorizing the Debtors to assume and assign to the Purchaser the Assumed Contracts, and (b) fixing the amount of the Determined Cure Payments (as defined in the Assumption and Assignment Motion) for each such Assumed Contract.

- H. Prior to the Overbid Deadline (as defined in the Sale Procedures) established by the Sale Procedures Order, the Debtors and Morgan Keegan & Company, Inc./The Spectrum Capital Group, LLC (collectively, the “**Investment Banker**”) received a bid from I/O Controls Corporation (“**I/O Controls**”), which bid the Debtors and the Investment Banker reviewed and determined to be a Qualified Overbid (as defined in the Sale Procedures) pursuant to the Sale Procedures Order. No other Qualified Overbids were received. The terms and provisions of the asset purchase agreement submitted by I/O Controls (the “**I/O APA**”) were substantially similar to the Asset Purchase Agreement. Notice of such determination was provided, along with a copy of the I/O APA, to counsel for the Initial Purchaser, the BA, counsel for the Committee, and counsel for BHC, and the Auction (as defined in the Sale Procedures) was conducted on June 8, 2012.
- I. As set forth in the Report of Sale filed by the Debtors on June 11, 2012 [Docket No. 213], upon completion of the Auction: (a) the Initial Purchaser submitted the highest and best final bid in the amount of \$25,300,000 on the terms and subject to the conditions set forth in the Asset Purchase Agreement, including modifications announced on the record of the Auction and Final Hearing, which modifications are memorialized in Amendment No. 1 (the “**Prevailing Bid**”), and was declared the Prevailing Bidder (as defined in the Sale Procedures) by the Debtors and the Investment Banker; (b) I/O Controls submitted the second highest bid in the amount of \$25,200,000 plus the Expense Reimbursement (as defined in the Sale Procedures), and was declared the “**Back-up Bidder**” and its bid declared the “**Back-up Bid,**” in accordance with the Sale Procedures; (c) BHC did not submit a BHC Other Credit Bid (as defined in the Sale Procedures); and (d) in accordance with the Sale Procedures Order, BHC did not submit a BHC Back-up Credit Bid (as defined in the Sale Procedures) as it was not required to do so at that time.
- J. Pursuant to paragraph 9 of the Sale Procedures, if the Initial Purchaser is unable or unwilling to timely perform its obligations under the Asset Purchase Agreement and the Sale Procedures Order, the Debtors, in the exercise of their business judgment, may sell the Sale Assets to the Back-up Bidder without further notice or hearing. The Sale Procedures further state that the Back-up Bid is to remain open and binding until



- the sale to the Initial Purchaser closes, or if the Initial Purchaser is unable or unwilling to close and the Debtors elect to sell to the Back-up Bidder, until the sale to the Back-up Bidder closes.
- K. For purposes of this Sale Order, “**Purchaser**” shall mean Initial Purchaser, “**APA**” shall mean the Asset Purchase Agreement, and “**Sale**” shall mean the sale and related transactions contemplated by the Asset Purchase Agreement, unless and until the Asset Purchase Agreement is terminated in accordance with Article 11 thereof, and the Debtors elect to sell to I/O Controls, whereupon such termination and election “**Purchaser**” shall mean I/O Controls, “**APA**” shall mean the I/O APA, and “**Sale**” shall mean the sale and related transactions contemplated by the I/O APA.
- L. The BA and the Committee filed their Objections to the Sale Motion on April 19, 2012 [Docket No. 125] and April 20, 2012 [Docket No. 133], respectively. At the Final Hearing, the BA and counsel for the Committee announced to the Court that their objections were withdrawn. No other objections to the Sale Motion were filed.
- M. Based upon the amount of the Prevailing Bid and Back-up Bid, the Debtors informed the Court at the Final Hearing that there will be sufficient funds available from the sale of the Sale Assets to pay (i) the secured creditors in full, including all Obligations owing to BHC as defined in the Final DIP Order, (ii) all Administrative Expenses (as defined below), and (iii) based upon the claims filed in the proceeding as of the date of the Final Hearing, all amounts owed to priority and general unsecured creditors.
- N. Appropriate, due, proper, timely and adequate notice of the Sale Motion and the Final Hearing has been provided to all creditors of the Debtors, all persons believed or known to have a claim against or an interest in the assets of the Debtors (including, without limitation, the Sale Assets), all parties to executory contracts and leases, all interested governmental, taxing, pension and environmental authorities, the BA, the Committee, and all other parties who filed requests for notices under Bankruptcy Rule 9010(b) or were entitled to notice under Bankruptcy Rule 2002, and such notice is in compliance with Bankruptcy Rules 2002, 6004, 6006, and 9014 and all applicable local rules of this Court. Such notice is good, sufficient and appropriate, and no other or further notice of the Sale Motion, the Final Hearing, or entry of this

Sale Order is necessary or required, and a reasonable opportunity to object and be heard with respect to the Sale Motion and relief requested therein was afforded to all interested parties, including without limitation, the foregoing parties.

O. Sound business reasons exist for the Sale (including, without limitation, the assumption and assignment of the Assumed Contracts), and the Debtors have shown good and sufficient business justification under sections 105(a), 363 and 365 of the Bankruptcy Code for the Sale. The Sale is within the reasonable business judgment of the Debtors and is in the best interest of the estates, after having exposed the Sale Assets to higher and better bids. The Purchase Price (as defined in the APA) and other consideration that the Purchaser has agreed to pay for the Sale Assets (including, without limitation, the Assumed Contracts) is fair and constitutes full and adequate consideration and reasonably equivalent value for the Sale Assets. The terms and conditions of the APA in their totality are fair and reasonable and the transactions contemplated therein are in the best interest of the Debtors' estates in that:

- i. the APA was negotiated, proposed and entered into, and the Auction conducted, in good faith, from arm's-length bargaining positions as between the Debtors and Purchaser, and without collusion or fraud;
- ii. the Debtors were free to deal with any other party interested in acquiring the Sale Assets (including, without limitation, the Assumed Contracts);
- iii. the Debtors have provided for adequate notice and an opportunity to be heard in connection with the Sale; and
- iv. Purchaser is a third party, unrelated to any of the Debtors, and is not a mere continuation of the Debtor's business.

P. Without an expeditious sale of the Sale Assets pursuant to the APA, there will likely be a substantial diminution in the value of the Debtors and their assets to the detriment of their creditors and other parties in interest. Exigent circumstances exist to justify a sale of substantially all of the Debtors' assets pursuant to section 363 of the Bankruptcy Code and as contemplated by the terms and conditions of the APA, rather than pursuant to a confirmed chapter 11 plan under section 1129 of the Bankruptcy Code. The Sale does not constitute a *sub rosa* chapter 11 plan.

- Q. The sale process was conducted fairly and openly and in a manner reasonably calculated to produce the highest and best offer for the Sale Assets under the circumstances and in compliance with the Sale Procedures Order. The Debtors, together with the Investment Banker, conducted a thorough and adequate search for potential purchasers of the Sale Assets.
- R. Upon entry of this Sale Order and the Assumption and Assignment Order, the Debtors will have (i) full and all necessary power and authority to execute and deliver the APA and all other agreements, documents and instruments contemplated thereby (collectively, the “**Transaction Documents**”), (ii) full and all necessary power and authority to consummate the Sale to Purchaser, (iii) all necessary corporate authority and taken all necessary corporate actions to consummate the Sale, which has been duly and validly authorized.
- S. To the extent that the secured creditors are paid in full at Closing (as defined in the APA), including the payment of all Obligations owing to BHC as defined in the Final DIP Order, then the grounds for a sale free and clear pursuant to Section 363(f) of the Bankruptcy Code have been met as to each claim, lien, or other Encumbrance (as defined below) in any or all of the Sale Assets.
- T. The Purchaser is a “good faith purchaser” as defined in section 363(m) of the Bankruptcy Code, and none of the grounds set forth in section 363(n) exist with respect to a sale to the Purchaser.
- U. As of the Closing, Purchaser will not be an “insider” or “affiliate” of the Debtors, as those terms as defined in the Bankruptcy Code, and no common identity of incorporators, directors or stockholders will exist between Purchaser and Debtors.
- V. There is cause to waive the stays contemplated by Bankruptcy Rules 6004(h) and 6006(d).

Based upon the foregoing findings, the Court concludes that the Sale Motion should be granted and for good and sufficient reasons appearing it is hereby ORDERED as follows:

1. The Sale Motion is granted in all respects, as provided herein.
2. The Assumption and Assignment Motion shall be granted pursuant to a separate order of this Court entered contemporaneously herewith.

3. All objections to the Sale Motion and Sale (including, without limitation, the Objections) are hereby resolved, as set forth on the record at the Sale Hearing, and to the extent any such objection was not otherwise withdrawn, waived or settled, it is hereby overruled and denied.

4. Notwithstanding any other provision of this Sale Order to the contrary, if, prior to the Closing, the Debtors determine that the Purchase Price is not sufficient to pay (i) the secured creditors in full, including all Obligations owing to BHC pursuant to Paragraph 14 below, and (ii) all administrative expenses of the kinds specified in or arising or ordered under sections 105(a), 326, 328, 330, 331, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 546(d), 726, 1113, and 1114 and any other provision of the Bankruptcy Code or otherwise (the “**Administrative Expenses**”) reasonably estimated by the Debtors as of the Closing Date (as defined in the APA), then unless otherwise agreed by the Debtors, the BA, BHC, the Committee, and the Purchaser, upon further order of this Court after notice and a hearing this Sale Order may be vacated and declared null and void. Any such agreement reached by the parties pursuant to this paragraph 4 must be submitted to this Court in the form of a Consent Order on or before July 23, 2012. If, after the Closing (including the receipt by the Debtors of the Purchase Price) the Debtors for any reason determine that the Purchase Price will not be sufficient to pay all Administrative Expenses, such inability to pay all Administrative Expenses shall have no impact on the validity, enforceability or binding nature of this Sale Order, the Asset Purchase Agreement or any other document or transaction executed, delivered or consummated in connection therewith, each of which shall remain in full force and effect, and the Debtors shall have no right to recover any asset or property from Purchaser or BHC (including any portion of the Purchase Price paid to BHC in accordance with Paragraph 14 of this Sale Order).

**Approval of APA and Sale to Purchaser of Sale Assets**

5. The APA and other Transaction Documents, and the Sale to Purchaser of the Sale Assets in accordance with the terms and conditions thereof, are hereby approved and authorized in all respects pursuant to sections 105(a) and 363 of the Bankruptcy Code.

6. The Debtors are authorized and directed pursuant to sections 105, 363(b) and 363(f) of the Bankruptcy Code to take any and all actions necessary or appropriate to (a) consummate the Sale (including, without limitation, to convey to Purchaser the Sale Assets) and

the Closing, and (b) execute, perform, consummate, implement and close fully the APA, the other Transaction Documents and all additional or ancillary agreements, documents or instruments that may be reasonably necessary or desirable to implement the APA, all in accordance with the APA and this Sale Order. Notwithstanding anything herein to the contrary, Debtors and Purchaser shall have no obligation to proceed with the closing of the Sale until all conditions precedent to their respective obligations to do so as set forth in the APA have been satisfied or waived in accordance therewith.

7. In the event the Asset Purchase Agreement is terminated in accordance with Article 11 thereof, the Debtors are authorized to sell the Sale Assets to I/O Controls pursuant to and in accordance with the terms and conditions of the I/O APA (as amended, modified or supplemented prior to the Closing) and the Sale Procedures. The Back-up Bid shall remain open and binding until the Sale to the Initial Purchaser closes, or if the Asset Purchase Agreement is terminated in accordance with Article 11 thereof, and the Debtors elect to sell to I/O Controls, until the Sale to I/O Controls closes.

8. The Debtors shall retain the Excluded Assets as defined in Section 2.2 of the APA. Further, except as expressly set forth in the APA, the Sale Assets do not include any asset in the Debtors' custody, possession or control in which Debtors do not have a valid interest, and nothing in this Sale Order shall be construed to convey upon Purchaser any right, title or interest in or to any such asset or to impose upon Purchaser any responsibility, liability or obligation with respect to any such asset.

9. Provided that all Obligations owing to BHC are indefeasibly paid to BHC in full in accordance with Paragraph 14 below, all amounts due to Purchaser on account of the Working Capital Escrow Shortfall (as defined in the APA), if any, shall be allowed (in the amount as agreed, or as determined by this Court if the Debtors and Purchaser cannot agree on such amount) as an administrative expense under sections 503(b)(1) and 507(a)(1) of the Bankruptcy Code, as an actual, necessary cost and expense of preserving the estate, such expense having superpriority over any and all other expense of and claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all Administrative Expenses.

**Sale Free and Clear**

10. The Sale Assets shall be sold, conveyed and assigned to Purchaser, and Purchaser shall be entitled to take title to and possession of the Sale Assets, free and clear of any and all Liens (as defined in the APA) and all other liens, claims, mortgages, deeds of trust, security interests, restrictions, liabilities, obligations, encumbrances, charges, and other interests of any and every type, kind, nature or description whatsoever, whether asserted or unasserted, known or unknown, perfected or unperfected, recorded or unrecorded, scheduled or unscheduled, inchoate or choate, matured or unmatured, contingent or non-contingent, liquidated or unliquidated, disputed or undisputed, whether arising before or after Debtors' chapter 11 filings, or imposed by agreement, statute, common law, equity or otherwise, including, but not limited to, liens asserted by the Debtors' customers, shareholders, employees, secured creditors, landlords and equipment lessors, tax authorities, priority creditors, administrative expense claimants, and other creditors (collectively, "**Encumbrances**"), and any claim (as that term is defined in section 101(5) of the Bankruptcy Code), whether arising prior to or subsequent to the commencement of the Debtors' chapter 11 cases, including any claim arising under any theory of successor liability.

11. Subject to compliance with Paragraph 14 of this Sale Order, this Sale Order is and shall be (a) effective as a determination that, upon Closing, all Encumbrances existing as to the Sale Assets have been and hereby are adjudged and declared to be unconditionally released, discharged and terminated, and (b) binding upon and govern the acts of all entities, including, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, county clerks, administrative agencies or units, governmental departments or units, secretaries of state, federal, state and local officials and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Sale Assets conveyed to Purchaser. All such entities described above in this paragraph are authorized and specifically directed to strike all recorded Encumbrances against the Sale Assets from their records, official and otherwise.

12. Subject to compliance with Paragraph 14 of this Sale Order, each of the Debtors' creditors is authorized and directed to execute such documents and take all other actions as may be necessary to release or terminate at Closing any lien or other Encumbrance upon or against the Sale Assets. If any person or entity that has filed or recorded financing statements or other documents or agreements evidencing or perfecting liens or any other Encumbrance upon or against the Sale Assets shall not have delivered to the Debtors prior to Closing, in proper form for filing and executed by the appropriate persons, termination statements, instruments of satisfaction, and releases of such liens or other Encumbrances, the Debtors and Purchaser are each hereby authorized and directed to execute and file such documents on behalf of such person or entity with respect to such Sale Assets immediately prior to or at the Closing.

13. Any liens or other Encumbrances or claims of any person or entity shall be transferred and attach to the Sale proceeds with the same priority, validity, force and effect as such liens, other Encumbrances or claims existed with respect to the Sale Assets immediately prior to Closing.

#### **Use of Sale Proceeds**

14. At the Closing, the Obligations (as defined in the Final Order (I) Authorizing the Debtor to (A) Obtain Post-Petition Financing, (B) Utilize Cash Collateral of Pre-Petition Secured Parties, (II) Granting Adequate Protection, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief [Docket No. 158] (the "Final DIP Order")), including cash collateralization of estimated legal fees and legal fee reserve, costs and expenses, shall be indefeasibly paid and satisfied in full in cash to the DIP Agent and Pre-Petition Agent on behalf of each of the Secured Parties (as defined in the Final DIP Order), and the Debtors, on behalf of themselves and their estates, shall execute and deliver to the DIP Agent and the Pre-Petition Agent and each of the Secured Parties general releases and indemnifications as provided in section 14.2 of the DIP Credit Agreement (as defined in the Final DIP Order) and in accordance with the Final DIP Order pursuant to a termination agreement among the Debtors, DIP Agent, Pre-petition Agent, and each of the Secured Parties which shall contain such other an additional terms and conditions as are customary for agreements of this type. At Closing, all other secured claims, if any, on the Sale Assets shall attach to the proceeds of the sale of the Sale Assets in the same relative order of priority; and the proceeds from the sale of the Sale Assets shall be paid in

accordance with the relevant provisions of the Bankruptcy Code and any orders of this Court. Alternatively, the Debtors are authorized to pay or provide for the payment at Closing of all other claims which are secured by any of the Sale Assets pursuant to a valid, properly perfected lien or security interest; provided, however, any such payments shall be limited to the value of the collateral securing such claim.

15. All amounts owed to Investment Banker pursuant to the *Order Authorizing Debtors To Employ Morgan Keegan & Company, Inc. As Investment Banker* entered in these proceedings on May 8, 2012 [Docket No. 156], and any modification to the Order resulting from the *Motion To Employ The Spectrum Capital Group, LLC As Investment Banker For Debtors* [Docket No. 211] and *Motion To Modify Order Authorizing Debtors To Employ Morgan Keegan & Company, Inc. As Investment Banker* [Docket No. 212], both of which were filed in these proceedings on June 11, 2012, shall be paid and satisfied in full in cash at or after the Closing in accordance with any order of this Court authorizing such payment, including any modifications thereto.

16. Except as otherwise provided in the Order granting the Assumption and Assignment Motion entered contemporaneously herewith, all remaining Sale proceeds shall be retained by the Debtors pending further orders of this Court. Any allocation of the Sale proceeds by or between the Debtors and the Purchaser shall be for tax purposes only and without prejudice to any allocation of the Sale proceeds as between the respective Debtors' estates or as between their creditors.

#### **No Successor or Other Liabilities**

17. The Purchaser is not a successor to any of the Debtors, their businesses, or their bankruptcy estates by reason of any theory of law or equity. Except as expressly provided in the APA or this Sale Order, Purchaser is not assuming, nor shall it or any affiliate of Purchaser be in any way liable or responsible, as a successor or otherwise, for, any liabilities, debts, or obligations of Debtors or any of the Debtors' predecessors or affiliates, whether by *in rem* claims or *in personam* claims or otherwise, whether known or unknown, whether liquidated or unliquidated, whether contingent, disputed, fixed, accrued or disclosed, or otherwise, whether in any way whatsoever relating to or arising from Debtors' ownership, possession or use of the Sale Assets, or any liabilities calculable by reference to Debtors or any of their respective operations



or the Sale Assets, or relating to continuing or other conditions existing on or prior to the Purchaser's acquisition of such Sale Assets, which liabilities, debts, and obligations are hereby extinguished insofar as they may give rise to liability, successor liability or otherwise, against Purchaser or any affiliate of Purchaser.

18. Notwithstanding anything herein to the contrary, Purchaser shall not be liable for any Excluded Liabilities (as defined in the APA).

19. The Purchaser is hereby granted and is entitled to the protections of a good faith purchaser under section 363(m) of the Bankruptcy Code.

20. Effective upon the Closing (as defined in the APA), all persons and entities shall be permanently and forever barred, restrained and enjoined from commencing or continuing in any manner any action or other proceeding of any kind against the Purchaser as alleged successor with respect to any Encumbrances upon or against the Sale Assets.

21. No bulk sale law or any similar law of any state or other jurisdiction shall apply in any way to the transactions contemplated by the APA.

#### **Miscellaneous**

22. The Debtors are hereby authorized to take all such actions and execute and deliver to the Purchaser such other and further agreements and documents as shall be necessary to consummate and give effect to the APA and the other Transaction Documents and the transactions contemplated thereby without further order of the Court.

23. The Debtors and the Purchaser (with the consent of the Committee) are authorized by written agreement to amend, modify, supplement, or waive any provision of the APA after the entry of this Sale Order and without further approval by this Court; provided, however, that no such amendment, modification, supplement or waiver shall change the APA in a manner that is materially disadvantageous to the Debtors or their estates. In addition, until the terms of Paragraph 14 above are satisfied in full, any such amendments, modifications, supplements or waivers must be approved by BHC.

24. Except as otherwise limited or provided herein, this Sale Order is without prejudice to the right of the Debtors, or the right of any of their creditors, if any, to bring any other action or actions in the Bankruptcy Court ("Actions"), including but not limited to Actions associated with the sale of the Sale Assets, so long as such Actions do not challenge or affect the

validity or effectiveness of the sale or the payment in full of all Obligations owing to BHC pursuant to Paragraph 14 above. To the extent that the APA would preclude the Debtors from instituting Actions against employees, creditors or other third parties, then the Purchaser shall provide to the Debtors at Closing a list of any parties against whom Actions cannot be brought by the Debtors after the Closing as contemplated by the APA.

25. The stays authorized by Bankruptcy Rules 6004(h) and 6006(d) shall not apply to this Sale Order and are hereby waived, and this Sale Order shall be effective immediately upon entry. The Sale approved by this Sale Order is not subject to avoidance pursuant to section 363(n) of the Bankruptcy Code.

26. All persons and entities which now or hereafter possess some or all of the Sale Assets are directed to surrender possession thereof to the Purchaser on the Closing Date as directed by the Debtors or Purchaser. The Debtors are further ordered and directed to perform all of the Debtors' obligations under the APA and other Transaction Documents necessary in order to consummate and timely close the sale, assignment, transfer and conveyance of the Sale Assets to the Purchaser.

27. Upon the Closing, all creditors and claimants of the Debtors, and all persons having an interest of any nature derived through the Debtors, are permanently enjoined from pursuing any action challenging or affecting the validity or effectiveness of the Sale against the Purchaser or the Sale Assets once acquired by the Purchaser. Pursuant to sections 105 and 363 of the Bankruptcy Code, any and all creditors of the Debtors shall be barred, estopped and enjoined from taking any action of any kind against the Purchaser or the Sale Assets on account of any claim against the Debtors or any of the Sale Assets.

28. This Sale Order and the APA shall be binding upon, and inure to the benefit of, and may be enforced by, the Debtors and the Purchaser, and their respective successors and assigns, including without limitation, any trustee hereafter appointed in the Debtors' chapter 11 cases or, in the event of a conversion under section 1112 of the Bankruptcy Code, in the Debtors' chapter 7 cases. Nothing contained in any other order entered in the Debtors' chapter 11 cases, nor in any plan of reorganization or liquidation confirmed in the Debtors' chapter 11 cases, or, in the event of a conversion under section 1112 of the Bankruptcy Code, in any order entered in the Debtors' chapter 7 cases, shall derogate from the provisions of the APA or the

terms of this Sale Order, and in the event of any conflict between this Sale Order or the APA with any such other orders or plans, this Sale Order and the APA shall control.

29. If and to the extent any provisions of this Sale Order conflict with those of the APA, the Sale Order shall govern and control.

30. The failure specifically to include or make reference to any particular provision of the APA or the other Transaction Documents in this Sale Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that, except as modified pursuant to this Sale Order, the Sale, the APA and the other Transaction Documents are authorized and approved in their entirety.

31. To the extent that any of the Debtors' employees are offered employment with the Purchaser, such employees' employment with the Debtors shall not be deemed to have terminated solely for purposes of the Worker Adjustment and Retraining Notification ("WARN") Act. Notwithstanding anything herein to the contrary, in no event shall Purchaser be liable for Debtors' obligations or liabilities, if any, arising under or in connection with the WARN Act or similar laws.

32. The Debtors are hereby directed (i) on or before the Closing, directly or through the appropriate third party servicer, to provide any and all notices required by the Consolidated Omnibus Budget Reconciliation Act ("COBRA") to all of the Debtors' employees of their rights to continue health care insurance coverage under the Debtors' current health coverage following their resignation or termination of employment with Debtors; and (ii) through the Closing and afterward, to perform all obligations under the Debtors' health insurance contracts or under COBRA.

33. Each and every federal, state and governmental agency or department, and any other person or entity, is hereby authorized to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the APA.

34. The headings used in this Sale Order are inserted solely for convenience of reference and shall not govern, limit or aid in the construction or interpretation, of any term or provision hereof.

35. This Court shall retain exclusive jurisdiction for the purpose of (i) enforcing the provisions of this Sale Order and the APA, (ii) resolving any dispute regarding this Sale Order, the APA or the rights and duties of the parties hereunder or thereunder, or (iii) resolving any

issues relating to this Sale Order, the APA or other Transaction Documents, including, but not limited to, the interpretation of the provisions of this Sale Order and the terms and conditions of the APA or other Transaction Documents, the status, nature and extent of the Sale Assets and all issues and disputes arising in connection with the relief authorized herein.

[END OF DOCUMENT]

**Exhibit A**

**Asset Purchase Agreement**

**ASSET PURCHASE AGREEMENT**  
**BY AND AMONG**  
**DRI CORPORATION,**  
**DIGITAL RECORDS, INC.,**  
**TWINVISION OF NORTH AMERICA, INC.,**  
**ROBINSON TURNEY INTERNATIONAL, INC.,**  
**EACH COMPANY PARTY SIGNATORY HERETO**  
**AND**  
**DRI HOLDING VEHICLE LLC**

**Dated as of April 1, 2012**

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement"), is made as of this 1st day of April, 2012, by and among DRI Holding Vehicle LLC, a Delaware limited liability company (such entity, and any of its designees, the "Purchaser"), DRI Corporation, Digital Recorders, Inc., TwinVision of North America, Inc., Robinson Turney International, Inc. (each a "Seller" and collectively the "Selling Entities") and each Company Party (as defined below) listed on the signature pages hereto.

WITNESSETH

WHEREAS, the Selling Entities, together with DRI Europa AB ("Europa") and Europa's Subsidiaries (together with Europa, the "Foreign Entities") (each of the Selling Entities and each of the Foreign Entities, a "Company Party", and collectively the "Company Parties") are engaged in the business of digital communications technology manufacturing, sales and service for the global surface transportation and transit security markets (the "Business");

WHEREAS, the Selling Entities are preparing to file voluntary petitions with the United States Bankruptcy Court for the Middle or Eastern District of North Carolina (the "Bankruptcy Court"), as determined by Selling Entities, for relief under Chapter 11, title 11, United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code"); and

WHEREAS, Purchaser desires to purchase (directly and/or, in Purchaser's sole discretion, through an affiliate of Purchaser (a "Purchaser Affiliate")) from the Selling Entities, and the Selling Entities desire to sell to Purchaser and/or a Purchaser Affiliate, the Purchased Assets (as defined below), free and clear of all Liens (other than Permitted Encumbrances) upon the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the representations, warranties, covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1

1.1 Certain Definitions.

As used herein, the following terms shall have the following meanings:

"Affiliate" means with respect to any Person, each of the Persons that directly or indirectly, through one or more intermediaries, owns more than 10% of the equity interest of such Person or controls, is controlled by or is under common control with, such Person. For the purpose of this Agreement, "control" means the possession, directly or indirectly, of the power to

direct or cause the direction of management and policies, whether through the ownership of voting securities, by contract or otherwise.

*"Alternative Transaction"* means any transaction in respect of a sale, transfer, lease or other disposition, direct or indirect, including through an asset sale, stock sale, lease, stock issuance, merger, plan of reorganization or liquidation, or similar transaction, of all or substantially all of the Purchased Assets that would be inconsistent with the transactions contemplated by this Agreement.

*"Assumed Contracts"* means the Contracts listed on Schedule 2.1(e); provided, however, that from and after the date hereof until the Closing Date, Purchaser may, in its sole discretion, remove a Contract from Schedule 2.1(e) in accordance with Section 8.2(b) such that it is no longer an Assumed Contract, by providing written notice of such designation or removal to the Selling Entities, in which case Schedule 2.1(e) shall be deemed to be amended to remove such Contract as an Assumed Contract; provided, further however, that any Contract which is terminated or rejected by any of the Selling Entities, in accordance with this Agreement, or the other party thereto, or terminates or expires by its terms, prior to the Closing, shall not be an Assumed Contract.

*"Auction"* has the meaning given to it in Section 8.3.

*"Bankruptcy Case"* means the Selling Entities' cases, collectively, commenced under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

*"Bankruptcy Code"* has the meaning given to it in the recitals.

*"Bankruptcy Court"* has the meaning given to it in the recitals.

*"Bankruptcy Petitions"* means the voluntary bankruptcy petitions to be filed by the Selling Entities with the Bankruptcy Court.

*"Bankruptcy Rules"* means the Federal Rules of Bankruptcy Procedure.

*"Business Day"* means any day that is not a Saturday, Sunday, or other day on which banks are required or authorized by law to be closed in New York, New York.

*"Capital Stock"* means capital stock, membership interests in a limited liability company, or other ownership interests, partnership interests and other equity interests, as applicable.

*"Cash and Cash Equivalents"* with respect to a Person means the cash and cash equivalents held by such Person, excluding uncleared checks, overdrafts and deposits in transit, customer deposits for progress payments and cash securing any other obligations (including any bonds or letters of credit) and determined in accordance with GAAP.

"*Cash Consideration*" means the sum of (i) the Initial Cash Consideration, and (ii) the aggregate of all additional cash amounts, if any, tendered by Purchaser at the Auction (to the extent such Auction is necessary) in any subsequent bids.

"*Chapter 11 Milestones*" has the meaning given to it in Section 8.1(a).

"*Closing*" means the closing of the transactions contemplated by this Agreement.

"*Company IP*" means the Company-Owned IP and all other intellectual property used or held for use in the conduct of the Business.

"*Company Report*" means all forms, reports, statements, information and other documents (as supplemented and amended since the time of filing) filed or required to be filed by the Company with the Securities and Exchange Commission (the "SEC") since December 31, 2007.

"*Confidential Information*" shall mean any non-public information concerning Purchaser or the Company Parties, or the Business (whether or not prepared by Purchaser or a Company Party, or their respective advisors or otherwise communicated in oral or written form), together with any analyses, compilations, studies or other documents prepared with such information by Purchaser or a Company Party, or their respective directors, officers, employees, agents, representatives or Affiliates.

"*Contract*" means any lease, contract, deed, mortgage, license, arrangement, commitment, purchase order, sales order, franchise, instrument, or other agreement, understanding, instrument or obligation, whether written or oral, all amendments, supplements and modifications of or for any of the foregoing, and all rights and interests arising thereunder or in connection therewith, and, for purposes of assumption and assignment to Purchaser pursuant to section 365 of the Bankruptcy Code, to the extent such Contract constitutes an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code.

"*Cure Payments*" means, for any given Contract, the amounts required to cure defaults arising under such Contract, including for any pecuniary losses arising from such defaults, and any liabilities under such Contract, required to be paid upon assumption and assignment of such Contract pursuant to section 365(b) of the Bankruptcy Code.

"*Damages*" means all demands, claims, actions or causes of action, assessments, losses (including, without limitation, diminution in value and lost profits), damages, costs, expenses, liabilities, judgments, awards, fines, sanctions, penalties, charges and amounts paid in settlement, including costs, fees and expenses of attorneys (including allocation costs of in house counsel), experts, accountants, appraisers, consultants, witnesses, investigators and any other agents of such Person, whether or not involving a third-party claim.

*"Determined Cure Payments"* means, collectively, all Cure Payments payable to counterparties of Assumed Contracts as such amounts are determined pursuant to a final order of the Bankruptcy Court or other court with proper jurisdiction, or otherwise with the written consent of Purchaser.

*"DIP Agreement"* means that certain debtor-in-possession financing agreement entered into by the Selling Entities in connection with the Bankruptcy Case.

*"DIP Lenders"* means BHC Interim Funding III, L.P. under the DIP Agreement.

*"Environmental Claim"* means any and all written complaints, summons, citations, directives, orders, claims, litigation, investigations, notices of violation, judgments, administrative, regulatory or judicial actions, suits, demands or proceedings, or written notices of noncompliance or violation by any governmental authority or Person involving or alleging potential liability arising out of or resulting from any violation of any Environmental Law or the presence or Release of Hazardous Material at, onto, from, beneath or otherwise relating to: (i) any properties or facilities currently owned, leased, operated or otherwise used by the Selling Entities (with respect to the Business) or the Foreign Entities; or (ii) any facilities which received Hazardous Substances generated by the Selling Entities (with respect to the Business) or the Foreign Entities.

*"Environmental Law"* means all applicable federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, ordinance, code, rule, regulation, ruling or other legal requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any governmental authority concerning or relating to (a) releases or threatened releases of Hazardous Substances, (b) the manufacture, generation, handling, transport, use, treatment, storage or disposal of Hazardous Substances, (c) pollution or protection of the environment, or natural resources, and (d) public and worker health and safety; including without limitation the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. 9601 et seq., as amended; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. 6901 et seq., as amended; the Clean Air Act ("CAA"), 42 U.S.C. 7401 et seq., as amended; the Clean Water Act ("CWA"), 33 U.S.C. 1251 et seq., as amended; the Occupational Safety and Health Act ("OSHA"), 29 U.S.C. 655 et seq.

*"Environmental Liabilities"* means any all liabilities, monetary obligations, remedial actions, losses, damages, natural resource damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigations and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any environmental, health or safety matters, including without limitation any arising under Environmental Law, relating to Hazardous Substances, any Environmental Claim or any other claim or demand by any Governmental Authority or Person.

*"Escrow Amount"* means an amount equal to the sum of (i) the Deposit *plus* (ii) Working Capital Escrow Amount *plus* (iii) Asserted Cure Payment Amount.

"*Estimated Cure Payments*" has the meaning given to it in Section 8.2(c).

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Final Hearing*" means the final hearing at which the Bankruptcy Court considers approval of the Sale Order.

"*Fundamental Representations*" means the representations and warranties set forth in 7.3 (Capital Stock) and 7.4 (Subsidiaries).

"*GAAP*" means generally accepted accounting principles, consistently applied.

"*Governmental Authority*" means any: (a) nation, principality, state, commonwealth, province, territory, county, municipality or district; (b) federal, state, local, municipal, foreign or other government; (c) governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, officer, official, organization, unit, body or entity and any court or other tribunal); or (d) other quasi-governmental, self-regulatory, legislative or administrative body or organization.

"*Governmental Authorization*" means any approval, consent, license, permit, franchise, waiver or other authorization issued, granted or given by or under the authority of, or filing, registration or declaration with or notification to, any Governmental Authority.

"*Hazardous Substance*" means without regard to amount and/or concentration (a) any element, compound, or chemical that is defined, listed or otherwise classified as a contaminant, pollutant, toxic pollutant, toxic or hazardous substances, extremely hazardous substance or chemical, hazardous waste, medical waste, biohazardous or infectious waste, special waste, or solid waste under Environmental Laws; (b) petroleum and petroleum products, including crude oil and any fractions thereof; (c) any substance exhibiting a hazardous waste characteristic including but not limited to corrosivity, ignitability, toxicity or reactivity as well as any radioactive or explosive materials; (d) natural gas, synthetic gas, and any mixtures thereof; and (e) polychlorinated biphenyls, asbestos and radon.

"*Immediate Family*" shall mean, with respect to any natural person, (a) such person's spouse, parents, grandparents, children, grandchildren and siblings, (b) such person's former spouse(s) and current spouses of such person's children, grandchildren and siblings, and (c) estates, trusts, partnerships and other entities of which a material portion of the interest are held directly or indirectly by the foregoing.

"*Indebtedness*" means, without duplication, (i) all liabilities for borrowed money, whether current or funded, secured or unsecured, all obligations evidenced by bonds, debentures, notes or similar instruments, and all liabilities in respect of mandatorily redeemable or purchasable capital stock or securities convertible into capital stock; (ii) all liabilities for the deferred purchase price of property or services; (iii) all liabilities in respect of any lease of (or

other arrangement conveying the right to use) real or personal property, or a combination thereof, which liabilities are required to be classified and accounted for under GAAP as capital leases, (iv) all liabilities in respect of any capitalized lease obligations, whether secured or unsecured (v) all liabilities in respect of any off-balance sheet transactions, (vi) all liabilities in respect of any guarantees of the indebtedness of any other person, (vii) all performance bonds or payment bonds of the Foreign Entities, and any related payment obligations, (viii) all liabilities for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction securing obligations of a type described in clauses (i) through (vii) above to the extent of the obligation secured and all liabilities as obligor, guarantor, or otherwise, to the extent of the obligation secured.

"*Knowledge*" of an individual means the actual knowledge, after due inquiry, of such individual. With respect to a Person (other than an individual), "Knowledge" means the actual knowledge, after due inquiry, of any individual who is serving as a director or executive officer (or in any similar capacity) of such Person.

"*Law*" means any law (statutory, common or otherwise), including any statute, ordinance, regulation, rule, code, executive order, injunction, judgment, decree, consent decree, treaty, or other order or binding determination of any Governmental Authority.

"*Lien*" means any lien, security interest, pledge, hypothecation, encumbrance, mortgage, lien (statutory or otherwise), deed of trust, charge, option, right of first refusal, transfer restriction or other interest or claim (including, but not limited to, any and all "claims," as defined in Section 101(5) of the Bankruptcy Code, and any and all rights and claims under any bulk transfer statutes and similar laws) in or with respect to any of the Purchased Assets (including, but not limited to, any options or rights to purchase such Purchased Assets and any mechanics' or tax liens), whether arising by agreement, by statute or otherwise and whether arising prior to, on or after the date of the filing of the Bankruptcy Petitions.

"*Major Stockholders*" means any Person who owns, either directly or indirectly, at least 5% of the total issued and outstanding shares of any series of stock of DRI Corporation, calculated on a fully diluted basis, which shall include shares issuable upon the conversion of convertible securities or the exercise of options that are currently convertible or exercisable or will become convertible or exercisable on or prior to the Closing Date.

"*Material Adverse Effect*" means any fact, change, development, effect, event or occurrence or failure of any fact, change, development, effect, event or occurrence that, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the business, operations, results of operations, or financial position of the Company Parties, or the value of their properties or assets, each taken as a whole.

"*Net Foreign Indebtedness*" means a sum equal (i) the aggregate amount of Indebtedness of the Foreign Entities *minus* (ii) the aggregate amount of Cash and Cash Equivalents held by the Foreign Entities.

"*Net Working Capital*" means, as of the Closing Date, the net working capital of the Foreign Entities, calculated consistent with Exhibit A. For the avoidance of doubt Net Working Capital excludes Cash and Cash Equivalents.

"*Ordinary Course of Business*" means the ordinary and usual course of normal day-to-day operations of the Business, as conducted by the Company Parties prior to the date hereof, consistent with past practice, except for the reasonably expected consequences associated with and impact on day to day operation of the Company Parties' business resulting from or associated with (i) the financing of the Business in accordance with the DIP Agreement and Cash Collateral and DIP Order; and (ii) the Selling Entities' Bankruptcy filings.

"*Permits and Licenses*" means all of the rights and benefits accruing under any franchises, permits, consents, certificates, clearances, approvals, exceptions, variances, permissions, filings, publications, declarations, notices, licenses, agreements, waivers and authorizations, including Environmental Permits, of or with any Governmental Authority held, used or made by any Company Party in connection with the Business.

"*Permitted Encumbrances*" means: (a) statutory liens for current Taxes, special assessments or other governmental charges not yet due and payable, only to the extent reserves in accordance with GAAP specifically appear on the Financial Statements, and only to the extent statutory liens for current Taxes do not exceed \$50,000 (where statutory liens for taxes shall not include any amounts specifically identified as current taxes, exclusive of income taxes, or as deferred Tax liabilities in the Financial Statements); (b) mechanic's, materialman's, carrier's, worker's, repairer's and similar statutory liens arising or incurred in the Ordinary Course of Business which liens are not reasonably likely to materially interfere with the use or value of the Purchased Assets as a whole, only to the extent reserves in accordance with the GAAP specifically appear on the Financial Statements; (c) zoning, entitlement, building and other land use by-laws, ordinances or regulations imposed by Governmental Authority having jurisdiction over any Leased Real Property which are not violated in any material respect by the current occupancy, use and operation of the Leased Real Property; (d) statutory liens creating a security interest in favor of landlords under leases which do not interfere with the Selling Entities' current use of, affect the value of, any material Purchased Asset, in either case, in any material respect; (e) liens or encumbrances contained in the Assumed Contracts; (f) liens or encumbrances on any of the Purchased Assets of any Person, which are non-monetary and do not secure any Indebtedness of any Person, which do not materially and adversely interfere with the Selling Entities' current use of, or materially and adversely affect the value of, the Purchased Assets, taken as a whole; and (g) the Liens listed on Schedule 7.8.

"*Person*" means any individual, corporation, partnership, joint venture, trust, association, limited liability company, unincorporated organization, other entity, or governmental body or subdivision, agency, commission or authority thereof.

"*Petition Date*" means the date on which the Selling Entities first file the Bankruptcy Petitions under Chapter 11 of the Bankruptcy Code.



*"Prepetition Lenders"* means BHC Interim Funding III, L.P.

*"Proceeding"* means any action, arbitration, audit, hearing, inquiry, investigation, examination, complaint, charge, litigation or suit (whether civil, criminal or administrative) commenced, conducted, or heard by or before any Governmental Authority or arbitrator.

*"Release"* means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of Hazardous Substances (including the abandonment or discarding of barrels, containers or other closed receptacles containing Hazardous Substances) into the environment.

*"Sale Motion"* means the sale motion (which may be combined with the Sale Procedures Motion), in form and substance reasonably acceptable to Purchaser, seeking entry by the Bankruptcy Court of the Sale Order, which motion(s) shall be served on all creditors and parties in interest with a claim against or in respect of the Purchased Assets, in accordance with the Sale Procedures Order, any other applicable orders of the Bankruptcy Court, the Bankruptcy Code, Bankruptcy Rules and any applicable local rule of the Bankruptcy Court.

*"Sale Order"* means an order of the Bankruptcy Court in form and substance acceptable to Purchaser, which shall, among other things: (i) approve the transactions contemplated in this Agreement, including, without limitation, assumption and assignment of the Assumed Contracts in accordance with the terms and subject to the conditions of this Agreement; (ii) waive the stays set forth in Bankruptcy Rules 6004(h) and 6006(d); (iii) provide that Purchaser shall not be subject to any successor liability, and shall have no liabilities of the Selling Entities (other than Assumed Obligations), or suffer any liabilities of the Selling Entities for any liens (other than Permitted Encumbrances) existing prior to the Closing Date, which may be asserted against the Selling Entities, or the Selling Entities' respective bankruptcy estates; (iv) approve payment of the Working Capital Escrow Shortfall (as defined below in the amount as agreed or as determined by the Bankruptcy Court if the parties cannot agree on such amount) as a super-priority administrative expense entitled to priority of payment over every other administrative expense in the Bankruptcy Case remaining to be paid at such time, and with no opportunity for disgorgement or recovery of any amounts previously paid to any creditor or to the recipient of any Bankruptcy Court approved administrative expense; and (v) contain findings and conclusions that (A) Purchaser is a "good faith purchaser" within the meaning of section 363(m) of the Bankruptcy Code and is thereby entitled to the protection afforded a good faith, arms'-length purchaser, (B) the Purchase Price (with assumption of the Assumed Obligations) is fair and constitutes reasonably equivalent value and fair consideration, (C) this Agreement was negotiated at arms'-length; (D) the Selling Entities do not have any interest in Purchaser or in any party affiliated with Purchaser, (E) the Auction was conducted in a "non-collusive manner" within the meaning of section 363(n) of the Bankruptcy Code, and (F) due and proper notice of the Sale Motion, and opportunity to be heard, was given to all creditors and parties in interest.

*"Sale Procedures"* means the sale procedures in form and substance reasonably acceptable to Purchaser, substantially in the form attached to the Sale Procedures Order, and as approved by the Bankruptcy Court.

*"Sale Procedures Motion"* means a motion (which motion may combined with the Sale Motion), in form and substance reasonably acceptable to Purchaser, seeking entry by the Bankruptcy Court of the Sale Procedures Order and approval of the Sale Procedures, which motion(s) shall be served on all creditors and parties in interest with a claim against or in respect of the Purchased Assets, in accordance with the Bankruptcy Code, Bankruptcy Rules, any applicable local rule of the Bankruptcy Court, and any other applicable orders of the Bankruptcy Court.

*"Sale Procedures Order"* means the order of the Bankruptcy Court, in form and substance reasonably acceptable to Purchaser, which includes, among other things: (i) approval of payment of the Expense Reimbursement as an obligation of the Selling Entities as an administrative expense under sections 503 and 507 of the Bankruptcy Code in the Bankruptcy Case, to be paid, in cash, prior to delivery of any proceeds from any Alternative Transaction to any of the Prepetition Lenders, all in accordance with the terms and subject to the conditions set forth in this Agreement; (ii) findings and conclusions that the provisions of this Agreement, including those providing for the Expense Reimbursement, are reasonable, were a material inducement to Purchaser to enter into this Agreement and are designed to achieve the highest and best price for the Purchased Assets; (iii) designation of Purchaser as the stalking horse bidder; and (iv) approval of the Sale Procedures attached thereto.

*"Securities Act"* means the Securities Act of 1933, as amended.

*"Seller IP"* means Company IP owned by or licensed to the Selling Entities.

*"Subsidiaries"* of any party shall mean any Person of which (i) 50% or more of the outstanding voting securities are directly or indirectly owned by such party or one of its Subsidiaries; (ii) such party or any Subsidiary of such party is a general partner, managing member or managing director; or (iii) such party and/or one or more of its Subsidiaries holds voting power to elect a majority of the board of directors or any similar governing body.

*"Target Working Capital"* means \$12,800,000.

*"Tax"* means any federal, state, local, or foreign income, gross or net receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under former Section 59A of the Tax Code or any similar or analogous type of tax), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, ad valorem, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax, custom, duty, fee or other governmental charge of any kind whatsoever, including any interest, fine, penalty, or addition thereto, whether disputed or not. Any variation of, or terms of similar import to, "Tax" (e.g., "Taxable" or "Taxing") shall refer to or mean with respect to Taxes.

*"Tax Code"* means the Internal Revenue Code of 1986, as amended.

"Working Capital Escrow Amount" means \$500,000.

The following terms have the meaning set forth in the Sections set forth below:

<u>Defined Term</u>	<u>Location of Definition</u>
Affected Assets	8.14
Affiliate Contract	7.9(a)(vii)
Affiliated Group	7.21
Agreement	Preamble
Assumed Obligations	2.3(b)
Auction	8.3
Audited Financial Statements	7.5(a)
Balance Sheet Date	7.5(a)
Bankruptcy Code	Recitals
Bankruptcy Court	Recitals
Books and Records	2.2(b)
Business	Recitals
Business Name Trademarks	8.17
CAA	1.1
CERCLA	1.1
Chapter 11 Milestones	8.1(a)
Closing	4.1
Closing Date	4.1
Company IP Agreement	7.14(f)
Company Parties	Recitals
Company Party	Recitals
Company Plans	7.20(a)
Company Property	7.11(b)
Company Returns	7.21
Company-Owned IP	7.14(d)
Confidentiality Agreement	8.15
Copyrights	7.14(b)
CRA	1.1
CWA	1.1
Deposit	3.1(b)
Documentary Materials	2.1(i)
Downward Adjustment Amount	3.5(c)
Environmental Permits	7.10
ERISA	7.20(a)
Escrow Agreement	3.1(b)
Escrow Holder	3.1(b)
Estimated Cure Payments	8.2(c)
Estimated Net Foreign Indebtedness	3.4(b)
Europa	Recitals
Event of Loss	8.12(a)
Excluded Assets	2.2

Excluded Liabilities	2.3(a)
Expense Reimbursement	8.4
FCPA	7.3
Final Net Foreign Indebtedness	3.5(a)
Final Working Capital	3.5(a)
Financial Statements	7.5(a)
Foreign Antitrust Laws	8.6(b)
Foreign Benefits Plans	7.20(g)
Foreign Entities	Recitals
Foreign Entities' Assets	7.8
Free or Open Source Software	7.14(h)
HSR Act	9.11
Initial Cash Consideration	3.1(a)
Insurance Policies	7.27
Leased Real Property	2.1(j)
Loss	8.12(a)
Marks	7.14(b)
Material Company Consents	7.18
Non-Purchaser Entity	8.4
Notice of Disagreement	3.5(e)
OSHA	1.1
Outside Date	4.1
Patents	7.14(b)
Principal Customers	7.28
Principal Suppliers	7.29
Products	7.14(a)
Purchaser Affiliate	Recitals
Purchase Price	3.1(a)
Purchased Assets	2.1
Purchaser	Preamble
Purchaser Default Termination	3.1(b)
Realty Leases	7.11(b)
Related Parties	7.22(a)
Related Party	7.22(a)
Resigning Directors	8.18
Sarbanes-Oxley Act	7.5(c)
SEC	1.1
Seller	Preamble
Selling Entities	Preamble
Shares	2.1(k)
Tax Returns	7.21
Trade Secrets	7.14(b)
Transfer Restrictions	7.3
Transferred Plans	7.20(a)
Unaudited Financial Statements	7.5(a)
Working Capital Estimate	3.4(a)

Working Capital Overage	3.4(a)
Working Capital Statement	3.5(a)
Working Capital Underage	3.4(a)

## ARTICLE 2

### SALE AND PURCHASE OF ASSETS

**2.1 Sale and Purchase of Assets.** Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, at the Closing, the Selling Entities shall sell, assign, convey, transfer and deliver to Purchaser and/or (in Purchaser's sole discretion) a Purchaser Affiliate, and Purchaser and/or (in Purchaser's sole discretion) a Purchaser Affiliate shall, by Purchaser's payment of the Purchase Price, purchase and acquire from the Selling Entities, all of the Selling Entities' right, title and interest, free and clear of all Liens (other than Permitted Encumbrances), in and to all of the properties, rights, interests and other tangible and intangible assets of the Selling Entities (wherever located and whether or not required to be reflected on a balance sheet prepared in accordance with GAAP), including any assets acquired by the Selling Entities after the date hereof but prior to the Closing (collectively, the "Purchased Assets"); provided, however, that: (A) the Purchased Assets shall not include any Excluded Assets; and (B) from and after the date hereof until the Closing, Purchaser may designate, in its sole discretion, any asset or assets that would otherwise be Purchased Assets as Excluded Assets by providing written notice of such designation to the Selling Entities, in which case Schedule 2.2 shall be deemed to be amended accordingly. Without limiting the generality of the foregoing, the Purchased Assets shall include the following:

- (a) All customer deposits and prepaid revenue held by the Selling Entities, and all amounts prepaid or deposited with and held by the Selling Entities' manufacturers and other vendors;
- (b) all accounts receivable of the Selling Entities as of the Closing, and other amounts receivable by the Selling Entities as of the Closing (under the Assumed Contracts or otherwise), together with all security or collateral therefor and any interest or unpaid financing charges accrued thereon;
- (c) all inventory, supplies, materials and spare parts of the Selling Entities as of the Closing;
- (d) without duplication of the above, all royalties, advances, prepaid assets, security and other deposits, prepayments and other current assets relating to the Business, in each case of the Selling Entities as of the Closing;
- (e) all Assumed Contracts;
- (f) all Seller IP;
- (g) to the maximum extent transferable pursuant to the Bankruptcy Code and other applicable Laws, any Permits and Licenses held by the Selling Entities;

- (h) all items of machinery, equipment, supplies, furniture, fixtures, leasehold improvements (to the extent of the Selling Entities' rights to any leasehold improvements under leases that are Assumed Contracts) and other tangible personal property owned by the Selling Entities as of the Closing;
- (i) all books, records, advertising, customer lists, research and promotional materials and similar items of the Selling Entities as of the Closing (except as otherwise described in Section 2.2) (collectively, the "Documentary Materials");
- (j) all of the Selling Entities' rights in real property leased by the Selling Entities as of the Closing (collectively, the "Leased Real Property") with respect only to the leased real property listed on Schedule 2.1(j);
- (k) all of the outstanding shares (the "Shares") of the Selling Entities' Capital Stock in any Foreign Entity;
- (l) to the maximum extent transferable pursuant to the Bankruptcy Code and other applicable Laws, and to the extent related to the Purchased Assets, the full benefit of any and all representations, warranties, guarantees, indemnities, undertakings, certificates, covenants, agreements and all security therefor received by any of the Selling Entities upon the purchase or other acquisition of any Purchased Asset;
- (m) all current and prior insurance policies, and any proceeds therefrom, of any Company Party that relate to the Business or any of the Purchased Assets or Assumed Liabilities;
- (n) all rights of the Selling Entities with respect to any contract bids in process;
- (o) any rights of the Selling Entities under any confidentiality agreement with any third party;
- (p) all other assets that are related to or used in connection with the Business and that are owned by any Selling Entity as of the Closing;
- (q) all claims and causes of action constituting property of the estate under section 541 of the Bankruptcy Code, including, without limitation, claims and causes of action arising under sections 544, 545, 547, 548, 549, 550, and 553 of the Bankruptcy Code (collectively, "Avoidance Actions") that exist, or may exist, or may be asserted by Selling Entities (or their respective bankruptcy estates or any trustee appointed in the Bankruptcy Case or in any successor case under the Bankruptcy Code) against (i) all customers of the Business with whom Purchaser continues a relationship following the Closing, including, without limitation, the Principal Customers; (ii) all suppliers of the Selling Entities with whom Purchaser continues a relationship following the Closing, including, without

limitation, the Principal Suppliers; and (iii) any officers or employees of the Selling Entities employed by Purchaser (or a Purchaser Affiliate).

- (r) all claims (including claims for past infringement or misappropriation of Seller IP) and causes of action (other than, in each case, to the extent related to Excluded Assets or Excluded Liabilities) of the Selling Entities as of the Closing against Persons other than the Selling Entities (regardless of whether or not such claims and causes of action have been asserted by the Selling Entities).
- (s) all rights of indemnity, warranty rights, rights of contribution, rights to refunds of the Foreign Entities (including tax refunds of the Foreign Entities), rights of reimbursement and other rights of recovery, including rights to insurance proceeds, possessed by the Selling Entities as of the Closing (regardless of whether such rights are currently exercisable) to the extent related to the Purchased Assets.

**2.2 Excluded Assets.** Notwithstanding any provision herein to the contrary, the Purchased Assets shall not include the following (collectively, the "Excluded Assets"):

- (a) any records, documents or other information relating to current or former employees of any of the Selling Entities that will not be employed by Purchaser or an Affiliate of Purchaser immediately after the Closing, and any materials containing information about employees, disclosure of which would violate an employee's reasonable expectation of privacy;
- (b) the Selling Entities' minute books and other corporate books and records relating to their organization and existence and the Selling Entities' books and records relating to Taxes of the Selling Entities (collectively, "Books and Records"); provided, that the Books and Records of the Foreign Entities shall not be Excluded Assets;
- (c) all Cash and Cash Equivalents of the Selling Entities on hand, in transit or on deposit as of the Closing Date except for (i) customer deposits and prepaid revenue held by the Selling Entities, (ii) amounts prepaid or deposited with the Selling Entities' manufacturers and other vendors and (iii) any Cash and Cash Equivalents held by any Foreign Entity;
- (d) all Avoidance Actions other than those described in Section 2.1(q);
- (e) the Selling Entities' rights under this Agreement, and all cash and non-cash consideration payable or deliverable to the Selling Entities pursuant to the terms and provisions hereof;
- (f) any Contracts of the Selling Entities other than the Assumed Contracts;
- (g) all claims and causes of action of the Selling Entities against Persons other than Purchaser, the Foreign Entities and Purchaser's Affiliates (regardless



of whether or not such claims and causes of action have been asserted by the Selling Entities), and all rights of indemnity, warranty rights, rights of contribution, rights to refunds, rights of reimbursement and other rights of recovery, including rights to insurance proceeds, of the Selling Entities (regardless of whether such rights are currently exercisable), in each case to the extent related to any Excluded Assets or Excluded Liabilities, other than those described in Section 2.1(q);

- (h) any shares of Capital Stock of any of the Selling Entities, or any securities convertible into, exchangeable or exercisable for shares of Capital Stock of any of the Selling Entities (for the avoidance of doubt, other than the Capital Stock of the Foreign Entities);
- (i) all rights under director and officer (or similar) insurance policies maintained by any Selling Entity;
- (j) accounts receivable, intercompany obligations and other amounts receivable of any Selling Entity owed to it by any other Selling Entity; and
- (k) the Selling Entities' right, title and interest to the other assets, if any, set forth in Schedule 2.2.

### **2.3 Excluded Liabilities; Assumed Obligations.**

(a) Except as specified in Section 2.3(b), Purchaser shall not assume any liabilities or obligations of the Selling Entities, including, but not limited to the following (collectively, the "Excluded Liabilities"):

(i) Indebtedness, including debt under the revolving credit facility now or formerly with PNC Bank, National Association, debt under the term loan now or formerly with BHC Interim Funding III, L.P., DIP Agreement financing, general liabilities, tax liabilities, environmental and employment-related liabilities and obligations, and any obligation or liability arising out of any breach, violation or default of or by the Selling Entities, whether known or unknown, disputed or undisputed, contingent or non-contingent, liquidated or unliquidated or otherwise;

(ii) any liability under or relating to any Employee Benefit Plan (other than a Transferred Plan), whether or not such liability or obligation arises prior to or after the Closing Date or any other liability relating to the employment or termination of employment of any (x) Person arising from or related to the operation of the Business prior to Closing or the transactions contemplated by this Agreement (including but not limited to, any severance or stay or incentive bonuses) or (y) Person who is not a Transferred Employee arising on or after the Closing;

(iii) any Environmental Liability, whether known or unknown, relating to or arising out of the ownership or operation of the Business or the Purchased Assets prior to the Closing; and

- Selling Entities;
- (iv) any obligations to indemnify any directors and officers of the
  - (v) any breaches of any Contracts;
  - (vi) any and all Tax liabilities whether or not such liabilities arise prior to or after the Closing Date.

(b) The Selling Entities will assign to Purchaser, and Purchaser will assume on the Closing Date, (i) the executory obligations and liabilities of the Selling Entities arising out of or relating to the terms of the Assumed Contracts, in each case for which Bankruptcy Court approval and, where required for the assignment of such Assumed Contracts, counterparty consents, have been obtained, (ii) all trade accounts payable (whether or not invoiced) of the Selling Entities incurred in the Ordinary Course of Business between Petition Date and the Closing Date, and no more than 10 days past due, (iii) the Determined Cure Payments (it being understood and agreed that the assumption of such Determined Cure Payments shall constitute a portion of the Purchase Price paid by Purchaser in accordance with Section 3.1(a) below), and (iv) the liabilities listed on Schedule 2.3(c) (it being understood and agreed that the assumption of the liabilities set forth on such Schedule, other than any Determined Cure Payments, shall not reduce the Purchase Price), (collectively, the "Assumed Obligations") and no others. Purchaser acknowledges that all liabilities of the Foreign Entities shall be unaffected by the Bankruptcy Case, and Purchaser is acquiring the stock of the Foreign Entities subject to such liabilities and, except with respect to the amount of Net Foreign Indebtedness or any Determined Cure Payments, such liabilities shall not reduce the Purchase Price.

(c) Purchaser acknowledges that there is a potential Tax liability in Sweden in excess of \$1,700,000, and agrees and acknowledges that it is purchasing the capital stock of the Foreign Entities subject to such liability and that such Tax liability shall not reduce the Initial Cash Consideration.

### ARTICLE 3

#### PURCHASE PRICE; ALLOCATION; WORKING CAPITAL ADJUSTMENT

##### 3.1 Purchase Price; Deposit.

(a) In consideration for the Purchased Assets, and subject to the terms and conditions of this Agreement, and the entry and effectiveness of the Sale Order, Purchaser and/or (in Purchaser's sole discretion) a Purchaser Affiliate shall pay to the Selling Entities an amount in cash equal to the sum of (i) \$22,100,000 (the "Initial Cash Consideration") *minus* (ii) the aggregate amount of the sum of (x) all Determined Cure Payments as such amounts are determined as of one (1) Business Day before the Closing, and (y) any Asserted Cure Payments (as defined below) as of one (1) Business Day before the Closing *minus* (iii) the Net Foreign Indebtedness *plus* (iv) the Working Capital Overage (as defined below), if any, *minus* (v) the Working Capital Underage (as defined below), *minus* (vi) the aggregate amounts owed by the Selling Entities pursuant to any trade accounts payable more than 10 days past due, *minus* (vii)

the aggregate amount of all Uncured Liabilities in excess of \$250,000 (the "Purchase Price") and shall assume the Assumed Obligations. At the Closing, Purchaser shall: (a) pay and deliver to the Selling Entities, by wire transfer of immediately available U.S. funds to an account designated by the Selling Entities prior to the Closing, the Purchase Price *minus* the Escrow Amount; (b) pay and deliver to the Escrow Holder, by wire transfer of immediately available U.S. funds to an account designated by the Escrow Holder prior to the Closing, the Working Capital Escrow Amount and the Asserted Cure Payments Amount (c) instruct the Escrow Holder (as defined below) to deliver the Deposit (and any interest accrued thereon) to the Selling Entities, by wire transfer of immediately available U.S. funds to an account designated by the Selling Entities prior to the Closing. The Purchaser and each Company Party agrees that intercompany accounts receivable and accounts payable between a Selling Entity and a Foreign Entity shall be not be included in the calculation of Estimated Working Capital or Final Working Capital as (i) an asset, in the case of an account receivable of a Foreign Entity or (ii) a liability, in the case of an account payable by a Foreign Entity; provided, further that no Selling Party nor any Foreign Entities shall pursue collection efforts, including but not limited to submitting to the Bankruptcy Court any such amounts as unsecured claims.

(b) Within one Business Day after the date on which the Sale Motion is filed with the Bankruptcy Court, Purchaser shall deposit into escrow with American Stock Transfer & Trust Company, LLC (the "Escrow Holder") \$1,125,000 (the "Deposit") by wire transfer of immediately available U.S. funds pursuant to an escrow agreement by and among Purchaser, a representative of the Selling Entities and the Escrow Holder substantially in the form of Exhibit B (the "Escrow Agreement"). The Deposit (and any interest accrued thereon) shall be held as a trust fund and shall not be subject to any lien, attachment, or any other judicial process of any creditor of any of the Selling Entities or Purchaser. The Deposit shall become payable to the Selling Entities upon the earlier of: (x) the Closing; or (y) the termination of this Agreement pursuant to Section 11.1(e) for failure of any condition precedent set forth in Section 10.1 or Section 10.3 (a "Purchaser Default Termination"), whereupon payment of the Deposit to Selling Entities pursuant to this clause (y) shall constitute liquidated damages and shall constitute full payment of, and the Selling Entities' exclusive remedy for, any damages suffered by the Selling Entities as a result of such Purchaser Default Termination. At the Closing, the Deposit (and any interest accrued thereon) shall be delivered to the Selling Entities and credited toward payment of the Purchase Price in the manner specified in Section 3.1(a). Notwithstanding anything herein or the Escrow Agreement to the contrary, neither the Deposit nor any interest accrued thereon shall become property of any of the Selling Entities' respective bankruptcy estates unless and until released from escrow and delivered to Selling Entities in accordance with this Section 3.1(b) and the provisions of the Escrow Agreement. In the event the Deposit becomes payable to the Selling Entities by reason of a Purchaser Default Termination, the representative of the Selling Entities and Purchaser shall, within one Business Day of such event, instruct the Escrow Holder to, and the Escrow Holder shall, within two Business Days after such instruction or upon entry of a Final Order to such effect by the Bankruptcy Court, disburse the Deposit and all interest accrued thereon to the Selling Entities to be retained by the Selling Entities for their own account. If this Agreement or the transactions contemplated herein are terminated other than a termination which constitutes a Purchaser Default Termination, the Selling Entities and Purchaser shall, within one Business Day of such event, instruct the Escrow Holder to, and the Escrow Holder shall, within two Business Days after such instruction or upon entry of a Final Order to such effect by the Bankruptcy Court, return to Purchaser the Deposit (together with all

interest thereon). The Escrow Holder's escrow fees and charges shall be paid by the Selling Entities. In the event of any dispute with respect to payment of the Deposit, including but not limited to the determination of whether the Deposit should be returned to Purchaser or paid to the Selling Entities, such dispute shall be resolved by the Bankruptcy Court and the Escrow Holder shall, in the Escrow Agreement, agree to be subject to the personal and in rem jurisdiction of the Bankruptcy Court.

(c) *Asserted Cure Payments:*

(i) In the event that the amount of any Estimated Cure Payment is timely disputed by the applicable non-debtor counterparty to an Assumed Contract, and the Determined Cure Payment in respect of such Assumed Contract is not determined as of one (1) Business Day before the Closing Date, then, on the Closing Date, Purchaser shall deposit with the Escrow Holder, pursuant to the Escrow Agreement, an amount equal to the aggregate amount of all Cure Payments, as such amounts are asserted by all such non-debtor counterparties (collectively, the "Asserted Cure Payments") (the "Asserted Cure Payment Amount").

(ii) As and when any Asserted Cure Payment becomes a Determined Cure Payment, (A) the amount of such Determined Cure Payment (and any interest accrued thereon) shall be released from the Asserted Cure Payment Amount to the Purchaser by the Escrow Holder, and (B) if any such Asserted Cure Payment is greater than the corresponding Determined Cure Payment, then the amount equal to the difference between such Asserted Cure Payment and the corresponding Determined Cure Payment (and any interest accrued thereon) shall be released from the Asserted Cure Payment Amount to the Selling Entities by the Escrow Holder, in each case in accordance with the terms of the Escrow Agreement. After all Asserted Cure Payments have become Determined Cure Payments, the balance of the Asserted Cure Costs Amount (and any interest accrued thereon), if any, shall be released to the Selling Entities in accordance with the terms of the Escrow Agreement.

**3.2 Allocation of the Purchase Price.** Purchaser shall deliver to a representative of the Selling Entities within 60 days after Closing an allocation of the Purchase Price (and all other capitalizable costs) among the Purchased Assets for all purposes (including financial accounting and tax purposes). Such allocation shall used by the parties in completing Internal Revenue Service Form 8594 and in satisfying any and all other reporting requirements of the Internal Revenue Service.

**3.3 Prorations.** Liability for real and personal property, ad valorem, value added and other Taxes, utility charges and deposits, rents, prepaid expenses, security services and any and all other expenses relating to the Purchased Assets and which are not treated elsewhere herein, will be allocated and prorated between Purchaser and the Selling Entities through the Closing Date to reflect the principle that the Selling Entities shall be responsible for all expenses (i) arising prior to the Closing Date or (ii) arising after the Closing Date, and accrued pursuant to facts and circumstances in existence prior to the Closing Date, and Purchaser shall be responsible for all expenses arising on or after, and due to facts and circumstances in existence after, the Closing Date. To the extent that any of the items listed below in this Section 3.3 are paid by the Selling Entities prior to the Closing or are payable by Purchaser or the Selling Entities after the Closing Date, such items shall be apportioned as of the Closing Date such that the Selling Entities shall be

liable for (and shall reimburse Purchaser to the extent that Purchaser shall pay) that portion of any such item relating or attributable to periods prior to the Closing Date and Purchaser shall be liable (and shall reimburse the Selling Entities to the extent the Selling Entities shall have paid) that portion of any such item relating or attributable to periods on or after the Closing Date. Should any amounts to be prorated not have been finally determined on the Closing Date, a mutually satisfactory estimate of such amounts made on the basis of the Selling Entities' records shall be used as a basis for settlement at Closing, and the amount finally determined will be prorated as of the Closing Date, and appropriate settlement made as soon as practicable after such final determination. Any amounts payable by the Selling Entities under this Section 3.3 shall be paid out of the Working Capital Escrow Amount. If as a result of any such settlement in accordance with the preceding sentence, either party is owed an amount from the other party, then the appropriate party shall make reimbursement for such amounts. Such prorated items shall include: (a) personal property, real estate, retail sales, occupancy, value added and water taxes, if any, on or with respect to the Business, the Purchased Assets and/or Assumed Obligations notwithstanding the date of the assessment of such Taxes; (b) taxes, rent and other items paid or payable under any Assumed Contracts or other contractual obligation to be assigned to or assumed by Purchaser hereunder, except as provided otherwise herein; (c) the amount of sewer rents and charges for water, telephone, electricity and other utilities and fuel and (d) insurance premiums of any policies acquired by Purchaser at Closing. The Selling Entities and Purchaser agree to furnish each other with such documents and other records as each party reasonably requests in order to confirm all adjustment and proration calculations made pursuant to this Section 3.3. The proration and adjustment process provided in this Section 3.3 shall also include an adjustment for security and other deposits heretofore paid by the Selling Entities to third parties (but, for the avoidance of doubt, without any duplication for any payments made with respect to the items set forth in Section 2.1(a) and 2.1(d)).

### **3.4 Pre-Closing Consideration Adjustments.**

(a) By 2:00 P.M. (Pacific Time) on the day that is three (3) Business Days prior to the Closing Date, the Selling Entities shall deliver to Purchaser a written good faith estimate (the "Working Capital Estimate") of the Net Working Capital as of the Closing Date without giving effect to any of the transactions contemplated by this Agreement and determined in accordance with GAAP, together with supporting calculations and any resulting Working Capital Overage or Working Capital Underage. A "Working Capital Overage" shall exist when (and shall be equal to the amount by which) the Working Capital Estimate exceeds \$13,300,000. A "Working Capital Underage" shall exist when (and shall be equal to the amount by which) the Working Capital Estimate is less than \$12,400,000.

(b) By 2:00 P.M. (Pacific Time) on the day that is three (3) Business Days prior to the Closing Date, the Selling Entities shall deliver to Purchaser a written good faith estimate of the Net Foreign Indebtedness (the "Estimated Net Foreign Indebtedness ") together with supporting calculations.

### **3.5 Post-Closing Purchase Price Adjustment.**

(a) *Working Capital Statement.* As soon as practicable but in no event later than ninety (90) days after the Closing Date, Purchaser shall deliver to the Selling Entities a

statement (the "Working Capital Statement") of the Net Working Capital, as of the Closing Date without giving effect to any of the transactions contemplated by this Agreement (the "Final Working Capital"), and the Net Foreign Indebtedness as of the Closing Date (the "Final Net Foreign Indebtedness"), each determined in accordance with GAAP, together with supporting calculations; provided, however, that no calculation of Working Capital shall include income tax payable or deferred Taxes as a liability.

(b) *Access.* For purposes of complying with the terms set forth in this Section 3.5, each party shall cooperate with and make available to the other parties and their respective representatives all information, records, data and working papers, and shall permit reasonable access to its officers, employees, agents, properties, offices, plants and other facilities, books and records, as may be reasonably required in connection with the preparation and analysis of the Working Capital Statement and the Final Working Capital and Final Net Foreign Indebtedness reflected in the Working Capital Statement and the resolution of any disputes in connection with the Working Capital Statement.

(c) *Net Foreign Indebtedness Adjustment.* A "Foreign Indebtedness Overage" shall exist when (and shall be equal to the amount by which) Estimated Net Foreign Indebtedness exceeds Final Net Foreign Indebtedness. A "Foreign Indebtedness Underage" shall exist when (and shall be equal to the amount by which) Final Net Foreign Indebtedness exceeds Estimated Net Foreign Indebtedness.

(d) *Working Capital Downward Adjustment.* A "Working Capital Downward Adjustment" shall mean a number equal to:

(i) If no Working Capital Overage or Working Capital Underage existed as of Closing, and Final Working Capital is less than or equal to \$13,300,000 and greater than or equal to \$12,400,000, then nothing;

(ii) If no Working Capital Overage or Working Capital Underage existed as of Closing, and Final Working Capital is less than \$12,400,000, then an amount equal to \$12,400,000 *minus* Final Working Capital;

(iii) If a Working Capital Overage existed as of Closing, and Final Working Capital is less than \$12,400,000, then the sum of (A) an amount equal to \$12,400,000 *minus* Final Working Capital *plus* (B) the amount of the Working Capital Overage;

(iv) If a Working Capital Overage existed as of Closing, and Final Working Capital is less than or equal to \$13,300,000 and greater than or equal to \$12,400,000, then the amount of the Working Capital Overage; or

(v) If a Working Capital Underage existed as of Closing, and Final Working Capital is less than Estimated Working Capital, then an amount equal to Estimated Working Capital *minus* Final Working Capital.

(e) *Working Capital Upward Adjustment.* A "Working Capital Upward Adjustment" shall mean a number equal to:

(i) If no Working Capital Overage or Working Capital Underage existed as of Closing, and Final Working Capital is less than or equal to \$13,300,000 and greater than or equal to \$12,400,000, then nothing;

(ii) If no Working Capital Overage or Working Capital Underage existed as of Closing, and Final Working Capital is greater than \$13,300,000, then an amount equal to Final Working Capital *minus* \$13,300,000;

(iii) If a Working Capital Underage existed as of Closing, and Final Working Capital is greater than \$13,300,000, then the sum of (A) an amount equal to Final Working Capital *minus* \$13,300,000 *plus* (B) the amount of the Working Capital Underage (expressed as a positive number);

(iv) If a Working Capital Underage existed as of Closing, and Final Working Capital is less than or equal to \$13,300,000 and greater than or equal to \$12,400,000, then the amount of the Working Capital Underage (expressed as a positive number); or

(v) If a Working Capital Overage existed as of Closing, and Final Working Capital exceeds Estimated Working Capital, then an amount equal to Final Working Capital *minus* Estimated Working Capital.

(f) *Downward Adjustment.* A "Downward Adjustment Amount" shall exist when, and shall be equal to the sum of, as finally determined pursuant to this Section 3.5, (A) Foreign Indebtedness Underage, if any, *plus* (B) Working Capital Downward Adjustment, if any, *minus* (C) Foreign Indebtedness Overage, if any, *minus* (D) Working Capital Upward Adjustment, if any, equals a number greater than zero. If a Downward Adjustment Amount exists, Purchaser and the Selling Entities shall deliver a joint written authorization to the Escrow Holder within two (2) Business Days after the date on which the Final Working Capital is finally determined instructing the Escrow Holder to pay to Purchaser such Downward Adjustment Amount from the Working Capital Escrow Amount. If the Working Capital Escrow Amount exceeds the Downward Adjustment Amount, such joint instruction shall instruct the Escrow Holder to pay to the Selling Entities the amount of such excess. If, on the other hand, the Working Capital Escrow Amount is less than the Downward Adjustment Amount, then the amount of such shortfall (the "Working Capital Escrow Shortfall") shall be an obligation payable by Selling Entities to Purchaser, which obligation shall, subject to entry of the Sale Order, be an administrative expense in the Bankruptcy Case with super-priority of payment over every other administrative expense.

(g) *Upward Adjustment.* An "Upward Adjustment Amount" shall exist when, and shall be equal to the sum of, as finally determined pursuant to this Section 3.5, (A) Foreign Indebtedness Overage, if any, *plus* (B) Working Capital Upward Adjustment, if any, *minus* (C), Foreign Indebtedness Underage, if any, *minus* (D) Working Capital Downward Adjustment, equals a number greater than zero. If an Upward Adjustment Amount exists, Purchaser shall pay the Selling Entities the Upward Adjustment Amount. Purchaser and the Selling Entities shall deliver a joint written authorization to the Escrow Holder within two (2) Business Days after the date on which the Final Working Capital is finally determined instructing the Escrow Holder to pay to the Selling Entities the Working Capital Escrow Amount.

(h) *Dispute.* Within twenty (20) days following receipt by the Selling Entities of the Working Capital Statement, the Selling Entities shall either inform the Purchaser in writing that the Working Capital Statement is acceptable, or deliver written notice (the "Notice of Disagreement") to Purchaser of any dispute the Selling Entities have with respect to the preparation or content of the Working Capital Statement and the Final Working Capital and Final Net Foreign Indebtedness reflected in the Working Capital Statement. The Notice of Disagreement must describe in reasonable detail the items contained in the Working Capital Statement that the Selling Entities dispute and the basis for any such dispute. Any items not identified on the Notice of Disagreement shall be deemed agreed to by the Selling Entities. If the Selling Entities do not notify Purchaser of a dispute with respect to the Working Capital Statement within such twenty (20)-day period, such Working Capital Statement and the Final Working Capital and Final Net Foreign Indebtedness reflected in the Working Capital Statement will be final, conclusive and binding on the parties. In the event a Notice of Disagreement is delivered to Purchaser, Purchaser and the Selling Entities shall negotiate in good faith to resolve such dispute. If Purchaser and the Selling Entities, notwithstanding such good faith effort, fail to resolve such dispute within fourteen (14) days after the Selling Entities advise Purchaser of their objections, then such dispute shall be resolved by the Bankruptcy Court.

#### ARTICLE 4

#### CLOSING AND BANKRUPTCY COURT APPROVAL

**4.1 Closing.** The closing of the transactions contemplated hereby will take place on the second Business Day following the satisfaction of all of the conditions set forth in this Agreement (the "Closing" or "Closing Date"), including, without limitation, those conditions set forth in Articles 9 and 10, but in no event later than 120 days following the Petition Date (the "Outside Date"). The Closing will take place at a location to be mutually agreed upon by Purchaser and the Selling Entities. In the event the Closing has not occurred by the Outside Date, for any reason other than solely as a direct result of a Purchaser Default Termination, Purchaser will have the right to terminate this Agreement and all related agreements without any further obligation whatsoever, whereupon, the Deposit, plus accrued interest, will be immediately returned to Purchaser. The transfer of the Purchased Assets and assumption of the Assumed Obligations shall be effective for all purposes as of 12:01 a.m. Eastern Time on the Closing Date.

**4.2 Bankruptcy Court Approval Required.** The Selling Entities and Purchaser acknowledge and agree that the Bankruptcy Court's entry of the Sale Order is required in order for the Selling Entities and Purchaser to consummate the transactions contemplated hereby and that the requirement that the Sale Order be entered is a condition that cannot be waived by any party hereto.



## ARTICLE 5

### DELIVERIES AT CLOSING

**5.1 Deliveries by Selling Entities.** At the Closing, the Selling Entities shall deliver or cause to be delivered to Purchaser the following (each in form and substance reasonably satisfactory to Purchaser):

- (a) duly executed assignments, patent assignments, general trademark assignments, lease assignments, bills of sale or certificates of title, dated the Closing Date, transferring to Purchaser all right, title and interest in and to the Purchased Assets free and clear of all Liens (other than Permitted Encumbrances), without exception or condition;
- (b) the certificates evidencing the Shares duly endorsed (or accompanied by duly executed stock transfer powers);
- (c) a certified copy of the Sale Order;
- (d) if required by the Bankruptcy Court separate from the Sale Order, a court order authorizing the Selling Entities to assume and assign to Purchaser the Assumed Contracts with such assumption and assignment to be effective upon the Closing;
- (e) final copies of all Schedules and Exhibits referenced herein to the extent not already provided;
- (f) any Material Company Consents;
- (g) certificates signed by authorized officers of each Company Party, dated as of the Closing, certifying to such Company Party's compliance with Section 9.1;
- (h) such other instruments or documents as Purchaser may reasonably request to fully effect the transfer of the Purchased Assets and to confer upon Purchaser the benefits contemplated by this Agreement; and
- (i) an affidavit from each Selling Entity dated as of the Closing Date in the form required by the Treasury Regulations issued under Section 1445 of the Tax Code to the effect that such Selling Entity is not a foreign person for purposes of Section 1445 of the Tax Code.

**5.2 Deliveries by Purchaser.** At the Closing, Purchaser shall deliver, or cause to be delivered (in addition to any other instruments required by this Agreement to be delivered by Purchaser at the Closing), the following:

- (a) the payments to be paid on the Closing Date pursuant to Section 3.1;

- (b) a duly executed assumption of liabilities in form and substance reasonably satisfactory to the Selling Entities, whereby Purchaser will assume and agree to pay, perform and discharge the Assumed Obligations; and
- (c) such other instruments or documents as the Selling Entities may request that are necessary to fully effect the transfer of the Purchased Assets and assumption of the Assumed Obligations and to otherwise consummate the transactions contemplated by this Agreement.

## ARTICLE 6

### REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to the Selling Entities that the statements contained in this Article 6 are correct and complete as of the date hereof and as of the Closing Date:

**6.1 Organization, Good Standing and Power.** Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Purchaser has all requisite corporate power and authority to own, use and operate its properties and to carry on its business as now being conducted.

**6.2 Authority Relative to this Agreement; Execution and Binding Effect.** The execution, delivery and performance of this Agreement by Purchaser and the consummation of the transactions contemplated hereby have been duly authorized by the board of directors of Purchaser and, subject to and conditioned upon the entry of the Sale Order, no other act or proceeding on the part of Purchaser is necessary to approve the execution and delivery of this Agreement, the performance by Purchaser of its obligations hereunder or the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Purchaser and constitutes a legal, valid and binding obligation of Purchaser, enforceable in accordance with its terms.

**6.3 No Breach.** The execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated hereby will not: (i) with or without the giving of notice or the lapse of time, or both, conflict with, or result in the breach of or constitute a default under, or result in the modification, cancellation, lapse or termination of, or limitation, or curtailment under, or violate any (x) provision of Law, or (y) any agreement, contract, lease, power of attorney, commitment, instrument, insurance policy, arrangement, undertaking, order, decree, ruling or injunction to which Purchaser is subject or a party or by which it is bound (or with respect to which its properties or assets are subject or bound); or (ii) violate the certificate of incorporation or bylaws of Purchaser.

**6.4 Governmental and Other Consents.** Except for the Sale Order and approvals under Foreign Antitrust Laws, no consent, notice, authorization or approval of, or exemption by, any governmental or public body or authority or by any other Person, whether pursuant to contract or otherwise, is required to be obtained by Purchaser in connection with the execution,

delivery and performance of this Agreement or any of the instruments or agreements herein referred to or the taking of any action herein or therein contemplated.

**6.5 Financial Ability; Adequate Assurances.** Purchaser has, and Purchaser shall make available to any Purchaser Affiliate such that any Purchaser Affiliate has, cash available or has existing borrowing facilities or unconditional, binding funding commitments that are sufficient to enable it to consummate the transactions contemplated by this Agreement and to provide adequate assurance of future performance for the Assumed Contracts.

**6.6 No Brokers.** Purchaser has not taken any action that would cause the Selling Entities to have any obligation or liability to any person for finders' fees, brokerage fees, agents' commissions or like payments in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

## ARTICLE 7

### REPRESENTATIONS AND WARRANTIES OF SELLING ENTITIES

The Company Parties hereby represent and warrant to Purchaser that, except as set forth in any of the Schedules delivered by the Selling Entities to Purchaser simultaneously with the execution of this Agreement or as specifically set forth in (i) the current, annual and quarterly reports which is clear on its face (other than in risk factors, any exhibits or forward looking statements sections thereof or as incorporated by reference to any other Company Report) that the Selling Entities have made with the Securities and Exchange Commission ("SEC") with a filing date during the period beginning on March 1, 2011, and ending on the day prior to the date of this Agreement or (ii) any information specifically set forth in an exhibit to a Company Report with a filing date during the period beginning on March 1, 2009, and ending on the day prior to the date of this Agreement (such exhibits, however excluding the incorporation of any Company Reports, the "Company Report Exhibits"), that the statements contained in this Article 7 are correct and complete as of the date hereof and as of the Closing Date.

#### **7.1 Organization, Good Standing and Power.**

(a) Each of the Company Parties is a legal entity duly organized, validly existing and in good standing under the laws of its respective jurisdiction of organization. Each of the Company Parties has all requisite corporate, limited liability company or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted. Each of the Company Parties is duly qualified or licensed to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification or licensure, except where the failure to be so qualified, licensed or in good standing would not have or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The Purchaser has been provided with accurate and complete copies of the articles of incorporation and bylaws (or such similar organization documents) of each Company

Party, as currently in effect. No Company Party is in default of any provision of their articles of incorporation or by-laws (or such similar organization documents).

(c) Schedule 7.1(c) lists all of the officers, managers or directors (or such equivalent positions) of each Company Party.

**7.2 Authority Relative to this Agreement; Execution and Binding Effect.** The execution, delivery and performance of this Agreement by the Selling Entities and the consummation of the transactions contemplated hereby have been duly authorized by the board of directors (or equivalent) of each of the Selling Entities and, subject to and conditioned upon the entry and effectiveness of the Sale Order, no other act or proceeding on the part of the Selling Entities is necessary to approve the execution and delivery of this Agreement, the performance by the Selling Entities of their obligations hereunder or the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Selling Entities and, subject to and conditioned upon the entry and effectiveness of the Sale Order, constitutes a legal, valid and binding obligation of the Selling Entities, enforceable in accordance with its terms.

**7.3 Capital Stock.** The authorized Capital Stock of Europa is set forth on Schedule 7.3, all of which is owned by DRI Corporation free and clear of all Liens, except as set forth on Schedule 7.3. There are no outstanding (i) options, warrants, rights, subscriptions, stock appreciation rights, "phantom" stock or other security rights or other agreements, calls, puts, restrictions, convertible or exchangeable securities or other similar agreements or arrangements to purchase or acquire any of the authorized but previously unissued shares, equity interests or other securities of Europa, except for Purchasers' rights under this Agreement, (ii) commitments of any character (contingent or otherwise) pursuant to which any Person is or may be entitled to receive any payment in respect of the shares, equity interests or other securities of Europa, or (iii) obligations of Europa to repurchase, redeem or otherwise acquire any shares, equity interests or other securities of any company or its Subsidiaries (such commitments as set forth in subsections (i) through (iii), "Transfer Restrictions"). All such ownership interests, when issued in accordance with the respective terms thereof, are duly authorized, validly issued, fully paid and non-assessable and free of pre-emptive rights and issued in compliance with all applicable securities Laws.

**7.4 Subsidiaries.** Schedule 7.4 sets forth a complete and correct list of the name and jurisdiction of incorporation or organization of each Subsidiary of Europa. Except as set forth in Schedule 7.4, all issued and outstanding shares of Capital Stock of each Subsidiary of Europa are owned directly or indirectly by Europa, free and clear of all Liens, and free of any and all Transfer Restrictions. All the issued and outstanding shares of Capital Stock of each Subsidiary of Europa have been duly authorized, validly issued and are fully paid and nonassessable and free of all Transfer Restrictions. No Subsidiary of Europa has any outstanding equity compensation plans or policies relating to the capital stock of, or other equity or voting interests in, any such Subsidiary.

**7.5 Financial Statements; Company Reports; No Undisclosed Liabilities.**

(a) Schedule 7.5(a) contains correct and complete copies of (i) the audited consolidated balance sheets, consolidated statements of operations, consolidated statements of shareholders' equity and consolidated statements of cash flows of the Company Parties as of December 31, 2010 (the "Audited Financial Statements") and (ii) unaudited consolidated balance sheet, consolidated statements of income and retained earnings and consolidated statements of cash flows (the "Unaudited Financial Statements") of the Company Parties (the "Unaudited Financial Statements" and together with the Audited Financial Statements, the "Financial Statements") of the fiscal year ending December 31, 2011 (the "Balance Sheet Date"). The Financial Statements have been prepared in accordance with the books and records of the Company Parties and in accordance with GAAP consistently applied during the periods involved (except as may be indicated therein or in the notes thereto) and fairly present, in all material respects, the financial position of the Company and its Subsidiaries as of the date thereof and the results of their operations for the periods then ended, subject in the case of the Unaudited Financial Statements, to normal year-end adjustments and the absence of footnotes and similar presentation items therein (which individually or in the aggregate, are not material). Except as set forth in the Financial Statements and the notes thereto, there are no material off-balance sheet transactions, arrangements or obligations (including contingent obligations).

(b) As of the date hereof, the Selling Entities have filed all Company Reports required to be filed with the SEC since January 1, 2008. No Subsidiary of the Company is subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act. Each Company Report has complied in all material respects with the applicable requirements of the Securities Act, and the rules and regulations promulgated thereunder, or the Exchange Act, and the rules and regulations promulgated thereunder, as applicable, each as in effect on the date so filed, except for: (i) in the case of Company Reports filed on or before the date of this Agreement that were amended or superseded on or before the date of this Agreement, by the filing of the applicable amending or superseding Company Reports; and (ii) in the case of Company Reports filed after the date of this Agreement that are amended or superseded before the Closing, by the filing of the applicable amending or superseding Company Reports. None of (A) the Company Reports with a filing date during the period beginning on March 1, 2011, and ending on the day prior to the date of this Agreement (including any financial statements or schedules included or incorporated by reference therein) or (B) any Company Report Exhibits, contained or will contain, as the case may be, when filed (and, in the case of registration statements and proxy statements, on the dates of effectiveness and the dates of mailing, respectively) any untrue statement of a material fact or omitted or omits or will omit, as the case may be, to state a material fact required to be stated or incorporated by reference therein or necessary to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

(c) No Company Party has received any notice that such Company Party is not in compliance in all respects with the applicable provisions of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the related rules and regulations promulgated thereunder.

(d) The Selling Entities have made available to Purchaser all material correspondence (if such correspondence has occurred since January 1, 2008) between the SEC on the one hand, and any Company Party, on the other hand, received by the Company prior to the date of this Agreement. As of the date hereof, there are no outstanding or unresolved

comments in comment letters from the SEC staff with respect to any of the Company Reports. As of the date hereof, none of the Company Reports is the subject of ongoing SEC review, outstanding SEC comment or outstanding SEC investigation.

(e) No Foreign Entity has any obligation or liability in excess of \$250,000 (whether accrued or fixed, absolute or contingent, matured or unmatured, determined or determinable or otherwise) except liabilities and obligations that (i) are fully reflected or reserved against on the Financial Statements; (ii) are not material and were incurred since the Balance Sheet Date in the Ordinary Course of Business and consistent with past practices, and which have not been cured by the Closing Date or (iii) are liabilities and obligations arising out of any executory contracts that are Material Contracts set forth on Schedule 7.9, have been performed in the Ordinary Course of Business and under which no Company Entity has committed any breach (any such obligation or liability in subsection (i) through (iii), an "Uncured Liability").

**7.6 Absence of Certain Changes.** From September 30, 2011 through the date hereof, except (i) as contemplated by this Agreement, (ii) as required by the Bankruptcy Code or as a result of any Bankruptcy Court filing by the Selling Entities or Bankruptcy Court order, and (iii) for matters that are set forth on Schedule 7.6, the Company Parties have conducted their business only in the Ordinary Course of Business, and except for matters or events taken or conducted in the Ordinary Course of Business, there has not been any:

- (a) change, event or condition that has had a Material Adverse Effect;
- (b) change in the outstanding capital stock of any Company Party;
- (c) change in the accounting period or accounting methods of any Company Party;
- (d) amendment to the articles of incorporation or bylaws, or any equivalent organizational document, of any of the Foreign Entities;
- (e) (i) increase the compensation or benefits of any employee of the Company Parties, (ii) grant any severance or termination pay to any employee of the Company Parties, (iii) establish, adopt, enter into, amend or terminate any Transferred Plan or any plan, agreement, program, policy, trust, fund or other arrangement that would be a Transferred Plan if it were in existence as of the date of this Agreement or (iv) grant any equity or equity-based awards;
- (f) failure by any Foreign Entity to promptly pay and discharge current liabilities except for current liabilities not material in amount that are disputed in good faith by appropriate proceedings;
- (g) issuance, incurrence, cancellation or compromise of any Indebtedness by any Foreign Entity;
- (h) Lien placed on any Purchased Asset, or on any of the assets or properties of any Foreign Entity;

- (i) claim or amendment, modification, cancellation, termination, relinquishment, waiver or release of any Contract or right of any Foreign Entity, except in the Ordinary Course of Business and which, in the aggregate, was not material to the Business;
- (j) commitment or agreement to make any capital expenditures by any Foreign Entity in excess of \$50,000 individually or \$150,000 in the aggregate;
- (k) institution or settlement of any actual or threatened Proceedings, excluding the BHC Interim Funding III, L.P, forbearance agreement;
- (l) transactions or agreements with any Related Party;
- (m) purchase, sale or other disposition, or any Contract or other arrangement for the purchase, sale or other disposition, of any Purchased Asset, or any assets owned by any Foreign Entity, including, without limitation, any of the Intellectual Property rights owned or used by the Business in its business, other than any purchase or sale of equipment in the Ordinary Course of Business to the extent not in excess of \$25,000 individually or \$75,000 in the aggregate;
- (n) material change in the business relationship between any Company Party, on one hand, and any Principal Supplier or Principal Customer, on the other hand;
- (o) extension of the time period of any payable or any modification of any transfer pricing;
- (p) claim of any employee of the Company Party alleging unfair labor practices of, or other violations of applicable employment Laws by, any Company Party; or
- (q) agreement, whether oral or written, by any Company Party to do any of the foregoing.

#### **7.7 Indebtedness; Cash.**

- (a) Schedule 7.7(a) sets forth a correct and complete schedule of all Indebtedness of each Foreign Entity as of February 29, 2012.
- (b) Schedule 7.7(b) sets forth a correct and complete schedule of all Cash and Cash Equivalents held by each Foreign Entity as of February 29, 2012.
- (c) No Indebtedness set forth on Schedule 9.4, if defaulted upon, will cause a default under or an acceleration of, any other Indebtedness of any Foreign Entity.

#### **7.8 Assets.**

- (a) Except as set forth on Schedule 7.8, the Selling Entities have, and at the Closing shall convey to Purchaser, good, valid and marketable title to the Purchased Assets (other than the Leased Real Property and personal property covered by leases), free and clear of all Liens (other than Permitted Encumbrances) to the extent provided in the Sale Order. With

respect to the Leased Real Property and leased personal property, the Selling Entities have a valid leasehold interest therein and is conveying such leasehold interest to Purchaser. The Foreign Entities have good, valid and marketable title to all assets used by them in the conduct of the Business (the "Foreign Entities' Assets") free and clear of all Liens, other than Permitted Encumbrances.

(b) The Purchased Assets, the Excluded Assets and the Foreign Entities' Assets are sufficient to operate the Business as currently conducted as of the date hereof in all material respects, and (a) have been maintained in accordance with normal industry practices and (b) are in good operating condition and repair subject to normal wear and tear.

## **7.9 Contracts.**

(a) Set forth in Schedule 7.9 is a complete and accurate list of each Contract with respect to any Company Part that, as of the date of this Agreement, falls into one or more of the following categories:

(i) it involves payments to or by a Company Party in excess of \$25,000 per year;

(ii) it involves a commitment to make any capital expenditures by any Foreign Entity in excess of \$25,000 individually or \$75,000 in the aggregate

(iii) except for employment contracts, it involves the payment by a Company Party in the twelve months ending February 29, 2012 in excess of \$50,000 for the performance of services or delivery of goods or materials, other than purchase or sales orders entered into in the Ordinary Course of Business and cancelable without penalty on 30 days' notice or less;

(iv) it is a lease agreement with respect to Leased Real Property;

(v) it is an agreement with any labor union or similar labor association representing any employee of a Company Party;

(vi) it is a partnership or joint venture agreement relating to a partnership or joint venture in which a Company Party has an ownership interest;

(vii) it contains (A) a covenant not to compete, (B) exclusivity provisions binding on a Company Party of an employee thereof or (C) any other restriction, in each case that materially limits or impairs the ability a Company Party to freely conduct its business, to enter into Contracts with any Person or to engage in any line of business or that otherwise purports to restrict the business activity of such Company Party;

(viii) it grants any right of first refusal or first offer or similar right or that could require the disposition of any assets or line of a Company Party;

(ix) it involves a Contract between a Company Party, on the one hand, and a Related Party, on the other hand (each, an "Affiliate Contract");



- (x) it is an indenture, mortgage, loan agreement or other Contract by a Foreign Entity for the borrowing or advancement of money or a line of credit or for Indebtedness;
- (xi) it is an employment agreement for other than at-will employment;
- (xii) it involves a Contract between any Governmental Authority, on the one hand, and a Company Party on the other;
- (xiii) it is an acquisition, merger or purchase of all or substantially all of the assets or business of a Person, by a Company Party, within the past four (4) years;
- (xiv) it is an agreement by which a Company Party, within the past four (4) years, purchased the capital stock of any partner to a joint venture to which a Company Party was party;
- (xv) it is an acquisition, sale or similar Contract or other Contract relating to the acquisition or disposition of assets of a Company Party (other than Contracts in respect of the purchase of assets in the Ordinary Course of Business consistent with past practice that, individually and in the aggregate, are not material);
- (xvi) it is a Contract in which a Company Party has directly or indirectly guaranteed any liabilities or obligations of any other Person;
- (xvii) it is a Contract that contains earn-out, deferred or contingent payment obligations on the part a Company Party in excess of \$10,000; or
- (xviii) it is a Contract that involves any resolution or settlement of any actual or threatened Proceeding since January 1, 2009;

The contracts or instruments of the kind required to be set forth in Schedule 7.9, including but not limited to those set forth on Schedule 7.9, are referred to herein as the "Material Contracts."

(b) The Purchaser has received true, correct and complete copies of each Material Contract (including all amendments, modifications, extensions, renewals, guarantees, schedules, exhibits or ancillary agreements with respect thereto, or in the case of oral Contracts, written descriptions of the material terms thereof).

#### **7.10 Environmental Matters.**

(a) The Selling Entities (with respect to the Business) and the Foreign Entities have, at all times, complied and are in compliance with all Environmental Laws in all material respects, and the Selling Entities and the Foreign Entities, as the case may be, have obtained and are in compliance with all material local, state and federal permits, licenses, certificates, registrations and approvals, if any, required under Environmental Law ("Environmental Permits") with respect to the Business and the Leased Real Property.

(b) Neither the Selling Entities (with respect to the Business) nor the Foreign Entities has transported, produced, processed, manufactured, generated, used, treated, handled, stored, Released or disposed of any Hazardous Substances in violation of Environmental Law.

(c) There has been no Release of Hazardous Substances in violation of Environmental Law or Environmental Permits at, on, under, or from (i) the Leased Real Property or any other property currently or formerly owned, leased or operated by the Selling Entities (with respect to the Business) or the Foreign Entities or, (ii) to the Knowledge of the Company Parties, any site that may have received Hazardous Substances generated or disposed of by the Selling Entities (with respect to the Business) or the Foreign Entities.

(d) There no Environmental Claims asserted, pending or threatened against the Selling Entities (with respect to the Business) or the Foreign Entities. There are no facts or circumstances relating to Hazardous Substances, the Business or any Foreign Entities' operations, or any condition at any of the Lease Real Property or any other property currently or formerly owned or operated by Selling Entities (with respect to the Business) or the Foreign Entities that could give rise to Environmental Claims or Environmental Liabilities against the Foreign Entities.

(e) The Company Parties have made available to Purchaser all material assessments, reports, data, results of investigations or audits, and other information regarding environmental matters pertaining to or the environmental condition of the properties owned, leased or operated by the Selling Entities (with respect to the Business) or the Foreign Entities, the compliance (or noncompliance) by the Selling Entities (with respect to the Business) or the Foreign Entities with any Environmental Laws, and pending or threatened Environmental Claims and Environmental Liabilities.

#### **7.11 Leased Properties.**

(a) No Company Party owns any real property.

(b) Schedule 7.11(b) sets forth a correct and complete list of all (i) Leased Real Property and (ii) all real property leased, licensed or otherwise used or occupied by an Foreign Entity (together, the "Company Property"). Each agreement to lease or license such Company Property to which any Company Party is a party, whether as lessee or licensee (such agreements being collectively referred to herein as the "Realty Leases"), together with all material amendments thereto and assignments thereof, are listed on Schedule 7.11(b), and correct and complete copies of such Realty Leases and all material amendments and assignments thereof as in full force and effect as of the date of this Agreement have been made available to the Purchaser. Each Realty Lease grants the lessee thereunder the right to use and occupy the premises covered thereby. Except as set forth on Schedule 7.11(b), one of the Company Parties has a good and valid leasehold interest in each such lease, free and clear of all Liens (other than Permitted Encumbrances).

(c) Except as set forth in Schedule 7.11(c):

(i) as of the date of this Agreement, each Company Party has valid and enforceable leasehold interests in the Company Property leased by it under each applicable Realty Lease, in each case, free and clear of all Liens (other than Permitted Liens);

(ii) no Realty Lease has been subleased or assigned by a Company Party; and

(iii) there is no pending or contemplated condemnation, expropriation, eminent domain or similar proceeding affecting all or any portion of any Company Property, and no Company Party has received any written notice of any such proceeding.

(d) All leases under which any of the Company Parties lease any personal property, are valid and effective against the applicable Company Party and the counterparties thereto, in accordance with their respective terms, and there is not, under any of such leases, any existing default by any Company Party, or to such Company Party's Knowledge, the counterparties thereto, or event which, with notice or lapse of time or both, would become a default by any Company Party or, to Company Party's Knowledge, the counterparties thereto. No Company Party has received any written or oral notice of default with respect to any such lease to which it is a party.

**7.12 Assumed Contracts.** Each of (i) the Assumed Contracts and (ii) the Material Contracts to which any Foreign Entity is a party, are valid and enforceable in accordance with their terms, subject to applicable bankruptcy, reorganization, moratorium and similar Laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principals of equity. None of the Company Parties, and to the Knowledge of Company Parties, no other party thereto is, in default in the performance, observance or fulfillment of any obligation under any such contract (other than Estimated Cure Payments due thereunder as described on Schedule 2.1(e)) and, to the Knowledge of Company Parties, no event has occurred, which with or without the giving of notice or lapse of time, or both, would constitute a default thereunder. No Company Party has received any written or oral claim of default under or cancellation of any Assumed Contract or Material Contract to which any Foreign Entity is a party.

**7.13 Inventory.** All inventory of the Business consists, and at the Closing Date will consist, substantially of inventory of the kind and quality regularly and currently used in the Business and has been, and will be, acquired in the Ordinary Course of Business. Subject to any reserves therefore established in a consistent manner throughout the period covered by the Financial Statements and periods ending on or before the Closing Date, all of the inventory of finished goods of the Company Parties is, in all material respects, in good and useable condition in the Ordinary Course of Business. The amounts of inventories reflected in the Financial Statements and on the Books and Records are correct and complete, and have been determined in accordance with GAAP.

**7.14 Intellectual Property/Information Technology.**

(a) Schedule 7.14(a) contains a true and complete list, as of the date hereof, of all: (i) Company IP that is the subject of any issuance, registration, certificate, application or other filing by, to or with any Governmental Entity or authorized private registrar, including registered trademarks, registered copyrights, issued patents, domain name registrations and pending applications for any of the foregoing; (ii) any material unregistered trademarks or service marks owned by the Company Parties; and (iii) products currently manufactured, licensed or sold by the Company Parties (the "Products").

(b) The Company Parties are the sole and exclusive owners of all right, title and interest in and to, or have the valid right to use all Company IP that is material to or necessary for the conduct of the Business as currently conducted and as currently contemplated to be conducted, free and clear of all Liens (other than Permitted Encumbrances), except where the failure to so control ownership or use would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. As used herein, "intellectual property" means any and all of the following, as they exist throughout the world: (i) patents, patent applications of any kind, patent rights, inventions, discoveries and invention disclosures (whether or not patented) (collectively, "Patents"); (ii) rights in registered and unregistered trademarks, service marks, trade names, trade dress, logos, packaging design, slogans and Internet domain names, and registrations and applications for registration of any of the foregoing (collectively, "Marks"); (iii) copyrights in both published and unpublished works, including, without limitation, all compilations, databases and computer programs, manuals and other documentation and all copyright registrations and applications, and all derivatives, translations, adaptations and combinations of the above (collectively, "Copyrights"); (iv) rights in know-how, trade secrets, confidential or proprietary information, research in progress, algorithms, data, databases, data collections, designs, processes, formulae, drawings, schematics, blueprints, flow charts, models, strategies, prototypes, techniques, Beta testing procedures and Beta testing results (collectively, "Trade Secrets"); (v) any and all other intellectual property rights and/or proprietary rights relating to any of the foregoing; and (vi) goodwill, franchises, licenses, permits, consents, approvals, and claims of infringement and misappropriation against third parties.

(c) The Company Parties' rights in Company-Owned IP (as defined below) are subsisting and, to the Company Parties' Knowledge, are valid and enforceable. The Company Parties have taken reasonable steps to maintain the Company IP and to protect and preserve the confidentiality of all Trade Secrets included in the Company IP and, to the Company Parties' Knowledge, no unauthorized disclosure of any such Trade Secret information has occurred.

(d) Schedule 7.14(d) contains a complete and accurate list of all Company IP Agreements (other than licenses for shrinkwrap, clickwrap or other similar commercially available off-the-shelf software that has not been modified or customized by a third party for the any of the Company Parties and, in each case, with an initial license fee or an annual maintenance or support fee of less than \$25,000) in which (i) any of the Company Parties is granted rights by others in intellectual property and (ii) any of the Company Parties has granted rights to others in intellectual property (each, a "Company IP Agreement"). The consummation of the transactions contemplated hereunder will not result in the loss or impairment of any rights of any of the Company Parties under any of the material Company IP Agreements.

(e) (i) To the Knowledge of the Company Parties, the conduct of the Business does not infringe, misappropriate or otherwise violate, any intellectual property of any other Person; and (ii) to the Knowledge of the Company Parties, no third party is infringing upon, violating or misappropriating any Company IP.

(f) There are no legal actions pending or, to the Knowledge of the Company Parties, threatened: (i) alleging any infringement, misappropriation or violation of the intellectual property of any Person by any of the Company Parties; (ii) challenging the validity,

enforceability or ownership of any intellectual property owned or purported to be owned by any of the Company Parties ("Company-Owned IP") or any of the Company Parties' rights with respect to any Company IP. The Company Parties are not subject to any outstanding order that restricts or impairs the use of any Company IP.

(g) Except as set forth in Schedule 7.14(g), all Company IP that is material to the operation of the Business and has been issued by, or registered or the subject of an application filed with, as applicable, the U.S. Patent and Trademark Office, the U.S. Copyright Office or any similar office or agency anywhere in the world, has been duly maintained (including the payment of maintenance fees).

(h) To the Knowledge of the Company Parties, (i) none of the Products contain, incorporate, link or call to or otherwise use Free or Open Source Software (as defined below) in any material respect, and (ii) the incorporation, linking, calling or other use in or by any such Product of any such Free or Open Source Software does not obligate any of the Company Parties to disclose, make available, offer or deliver any material portion of the source code of such Product or component thereof to any third party other than the applicable Free or Open Source Software. As used herein, "Free or Open Source Software" means any software (in source or object code form) that is subject to (A) a license or other agreement commonly referred to as an open source, free software, copyleft or community source code license (including, but not limited to, any code or library licensed under the GNU General Public License, GNU Lesser General Public License, BSD License, Apache Software License, or any other public source code license arrangement) or (B) any other license or other agreement that requires, as a condition of the use, modification or distribution of software subject to such license or agreement, that such software or other software combined or distributed with such software be (1) disclosed, distributed, made available, offered, licensed or delivered in source code form, (2) licensed for the purpose of making derivative works, (3) licensed under terms that allow reverse engineering, reverse assembly, or disassembly of any kind, or (4) redistributable at no charge, including, without limitation, any license defined as an open source license by the Open Source Initiative as set forth on [www.opensource.org](http://www.opensource.org).

(i) The material IT Systems (as defined below) used in the operation of the Business are in good working condition (normal wear and tear excepted), and, to the Company Parties' Knowledge, are free of all viruses, worms, Trojan horses and other known contaminants and are adequate in all material respects for the operation of the Business. There has not been any material malfunction with respect to any such IT Systems since January 1, 2010 that has not been remedied or replaced in all material respects. The Company Parties have taken commercially reasonable steps in accordance with industry standards to secure the material IT Systems from unauthorized access or use by any Person, and to ensure the continued, uninterrupted and error free operation of the material IT systems. As used herein, "IT Systems" means electronic data processing, information, recordkeeping, communications, telecommunications, account management, inventory management and other computer systems (including all computer programs, software, databases, firmware, hardware and related documentation) and Internet websites.

**7.15 Compliance With Laws.** No Company Party is, or at any time since January 1, 2007 has been, in violation of any Laws in any material respect, nor has any Company Party

received any notice from any Governmental Authority alleging any violation of, or failure to comply with, any Law. There is no judgment, writ, decree, injunction, rule, or order of any Governmental Authority against any of the Company Parties, their properties or assets, or that would prevent, enjoin, alter or delay any of the transactions contemplated by this Agreement or which would have the effect of prohibiting or impairing any current or future business practice of Purchaser after the Closing Date. To the Knowledge of the Company Parties, no Company Party is under investigation with respect to the violation of any Law applicable to it or has received notice of any such investigation, and there are no facts or circumstances which could form the basis for any such violation.

**7.16 Absence of Litigation.** Except as set forth on Schedule 7.16, no Proceeding (other than the case filed by the Selling Entities in the Bankruptcy Court) is pending or, to the Knowledge of the Company Parties, threatened before or by any Governmental Authority against any Company Party with regard to the transaction contemplated hereunder or which (i) could reasonably be expected to materially and adversely affect the value of the Purchased Assets to be acquired by Purchaser, (ii) if adversely determined, could reasonably be expected to result in Damages in excess of \$10,000, or (iii) materially delay or prevent the consummation of any transaction contemplated by this Agreement, nor has any Company Party been involved in the past three (3) years in any such Proceeding.

**7.17 No Violation.** Except to the extent excused by or unenforceable as a result of the filing of the Bankruptcy Petitions and except for the entry and effectiveness of the Sale Order, neither the execution, delivery and performance by the Selling Entities of this Agreement, or any other agreements ancillary thereto, nor the consummation of the transactions contemplated hereby will (with or without notice or lapse of time) (i) violate the articles of incorporation or bylaws (or equivalent organizational documents) of any Company Party, (ii) conflict with or violate in any material respect any Law applicable to any Company Party or by which any of the Purchased Assets or Foreign Entities' Assets is bound or affected, or (iii) subject to obtaining the consents listed in Schedule 7.17, result in any material breach of or constitute a material default (or an event which, with notice or lapse of time or both, would become a material default) under, or give to others any right of termination, amendment, acceleration, cancellation or diminution of payment of, or result in the creation of a Lien (other than a Permitted Lien) on any Purchased Asset or Foreign Entity's Assets pursuant to, or result in the loss of a material benefit under, any Material Contract.

**7.18 Governmental and Other Consents.** Except for (i) the Sale Order and approvals under Foreign Antitrust Laws or (ii) such consents, approvals, authorizations or permits of, or filings with or notifications to, such Governmental Authorities or under such Material Contracts as set forth on Schedule 7.18 (collectively, the "Material Company Consents"), no consent, notice, authorization or approval of, or exemption by, any Governmental Authority, or by any other Person, whether pursuant to Contract or otherwise, is required in connection with the execution, delivery and performance of this Agreement or any of the instruments or agreements herein referred to or the taking of any action herein or therein contemplated.

**7.19 Employee Matters.** Except as set forth on Schedule 7.19, none of the Company Parties are a party to or bound by any collective bargaining agreement nor are any of the Company Parties involved in any labor discussion with any unit or group seeking to become the bargaining

unit for any of the Company Parties' employees, nor is any Company Party aware of an intention by any such unit or group to commence any organizational activities among the Company Parties' employees. The Company Parties have complied in all material respects with all applicable Laws, rules and regulations relating to employment, including those relating to wages, hours, benefits, insurance, collective bargaining, discrimination in employment, sexual harassment, terms and conditions of employment, occupational safety and health and employment practices, unfair labor practices, and the payment and withholding of taxes and other sums as required by appropriate governmental authorities. There are no unfair labor practice charges, grievances or complaints pending or, to the Knowledge of the Company Parties threatened in writing by or on behalf of any employee or group of employees of the Company Parties and there are no complaints, charges, or claims against the Company Parties pending, or to the Knowledge of the Company Parties, threatened in writing to be brought or filed, with any authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment or any individual by the Company Parties.

## **7.20 Employee Benefits.**

(a) Schedule 7.20(a) contains a true and complete list of each "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), including, without limitation, multiemployer plans within the meaning of Section 3(37) of ERISA), and all stock purchase, stock option, severance, employment, change-in-control, fringe benefit, collective bargaining, bonus, incentive, deferred compensation, employee loan and all other employee benefit plans, agreements, programs, policies or other arrangements, whether or not subject to ERISA (including any funding mechanism therefor now in effect or required in the future as a result of the transaction contemplated by this Agreement or otherwise), under which (i) any current or former employee, director or consultant of the Company Parties has any present or future right to benefits and which are contributed to, sponsored by or maintained by the Company Parties or (ii) the Company Parties has had or has any present or future liability. All such plans, agreements, programs, policies and arrangements shall be collectively referred to as the "Company Plans" and all Company Plans sponsored by or maintained by the Foreign Entities shall be collectively referred to as the "Transferred Plans". Schedule 7.20(a) shall separately identify those Company Plans that are Transferred Plans.

(b) With respect to each Company Plan, the Selling Entities have provided or made available to the Purchaser a current, accurate and complete copy (or, to the extent no such copy exists, an accurate description) thereof and, to the extent applicable: (i) any related trust agreement or other funding instrument; (ii) the most recent determination letter, if applicable; (iii) any summary plan description and other material written communications by the Company Parties to employees of the Company; and (iv) for the two most recent years (A) the Form 5500 and attached schedules, (B) audited financial statements and (C) actuarial valuation reports.

(c) Each Company Plan has been established and administered in all material respects in accordance with its terms, and in compliance with the applicable provisions of ERISA, the Code and other applicable laws, rules and regulations; and (ii) each Company Plan which is intended to be qualified within the meaning of Section 401(a) of the Code is so qualified and has received a favorable determination letter as to its qualification, and nothing has

occurred, whether by action or failure to act, that could reasonably be expected to cause the loss of such qualification.

(d) No Company Plan is subject to Title IV of ERISA and neither the Company Parties nor any member of their Controlled Group (defined as any organization which is a member of a controlled group of organizations within the meaning of Sections 414(b), (c), (m) or (o) of the Code) has at any time sponsored or contributed to, or has or had any liability or obligation in respect of, any plan subject to Title IV of ERISA.

(e) With respect to any Transferred Plan, (i) no actions, suits or claims (other than routine claims for benefits in the ordinary course) are pending or threatened, and (ii) no facts or circumstances exist that could give rise to any such actions, suits or claims.

(f) Except as set forth in Schedule 7.20(f), no Company Plan exists that, as a result of the execution of this Agreement, or the transactions contemplated by this Agreement (whether alone or in connection with any subsequent event(s)), could result in (i) severance pay or any increase in severance pay upon any termination of employment after the date of this Agreement, (ii) accelerate the time of payment or vesting or result in any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or result in any other material obligation pursuant to, any of the Company Plans or (iii) result in payments which would not be deductible under Section 280G of the Code.

(g) Except as set forth in Schedule 7.20(g), no Company Plan is maintained outside the jurisdiction of the United States, or covers any employee residing or working outside the United States (any such Company Plan set forth in Schedule 7.20(g), "Foreign Benefit Plans"). With respect to any Foreign Benefit Plans, (i) all Foreign Benefit Plans have been established, maintained and administered in compliance with their terms and all applicable statutes, laws, ordinances, rules, orders, decrees, judgments, writs, and regulations of any controlling governmental authority or instrumentality; (ii) all Foreign Benefit Plans that are required to be funded are fully funded, and with respect to all other Foreign Benefit Plans, adequate reserves therefore have been established on the accounting statements of the applicable Company or Subsidiary entity; and (iii) no material liability or obligation of the Company or its Subsidiaries exists with respect to such Foreign Benefit Plans that has not been disclosed on Schedule 7.20(g).

**7.21 Taxes.** All Tax returns, statements, reports, and forms (including estimated Tax returns and reports and information returns and reports) ("Tax Returns") required to be filed with any Taxing authority by or on behalf of each Company Party and each affiliated group (within the meaning of Section 1504) or consolidated, combined, or unitary group (under foreign, state or local Law) of which any Company Party is or has been a member (each, an "Affiliated Group") (collectively, the "Company Returns"), have been timely filed (including any extensions of such due date), and all amounts shown due thereon have been paid. All Company Returns are true, correct and complete. There are no outstanding waivers or comparable consents regarding the application of the statute of limitations with respect to any Taxes of any Foreign Entity or any Tax Returns filed by, or on behalf of, a Foreign Entity. No Foreign Entity is a party to any agreement or understanding providing for the allocation or sharing of Taxes other than with respect to each other.



Except as set forth on Schedule 7.21, no material Tax liability since December 31, 2009 has been incurred other than in the ordinary course of business, and adequate provision has been made for all Taxes since that date in accordance with generally accepted accounting principles on at least a quarterly basis. Each of the Company Parties has complied in all material respects with all applicable Laws, rules and regulations relating to the payment and withholding of Taxes. There is no material claim, audit, action, suit, proceeding, or investigation now pending or, to the Knowledge of Company Parties, threatened against or with respect to any of the Company Parties in respect of any Tax or assessment (including any Tax liability for which any Company Party could be severally liable under Treasury Regulations Section 1.1502-6 or any comparable foreign, state or local Law. No notice of deficiency or similar document of any Tax authority has been received by any of the Company Parties, and there are no liabilities for Taxes (including liabilities for interest, additions to Tax, penalties thereon and related expenses) with respect to the issues that have been raised (and are currently pending) by any Taxing authority with any of the Company Parties that could, if determined adversely to any such Company Party, materially and adversely affect the Purchased Assets.

**7.22 Transactions with Related Parties.** Except as set forth in Schedule 7.22:

(a) No agreement or transaction between any Company Party and (i) any director, officer, Major Stockholder or Affiliate of any Company Party, or (ii) any Immediate Family of any such director, officer, Major Stockholder or Affiliate (such persons in (i) and (ii) being referred to herein as a "Related Party" or collectively as the "Related Parties") has been entered into.

(b) No Related Party is a director or officer of, or has any direct or indirect interest in (other than the ownership of not more than 5% of the publicly traded shares of), any Person or entity which is a supplier, vendor, or competitor of any Company Party.

(c) No Related Party owns or has any interest in, directly or indirectly, in whole or in part, any tangible or intangible property used in the conduct of the Business or any Purchased Asset.

(d) No Related Party owes any money or other amounts to, nor is any Related Party owed any money or other amounts by, any Company Party.

(e) No Company Party has, directly or indirectly, guaranteed or assumed any Indebtedness for borrowed money or otherwise for the benefit of any Related Party.

**7.23 Permits.** The Purchaser has been provided, prior to the date hereof, a true and complete copy of each of the Permits and Licenses, each of which is listed in Schedule 7.23. The Company Parties have obtained and possess all Permits and Licenses and have made all registrations or filings with or notices to any Governmental Authority necessary for the lawful conduct of the Business as presently conducted and operated, or necessary for the lawful ownership of its properties and assets or the operation of the Business as presently conducted and operated except where the failure to obtain any such Permit or License would not reasonably be expected to have a Material Adverse Effect. Each such Permit and License is valid and in full force and effect and the Company Parties are in material compliance with all such Permits and

Licenses. Each such Permit and License is included in the Purchased Assets (to the extent transferable) and/or the Foreign Entities' Assets. The consummation of this Agreement will not result in the revocation, cancellation or termination of, or any adverse amendment or modification to, any such Permit and License held by any Foreign Entity. No Proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such Permit and License is pending or, to the Selling Entities' Knowledge, threatened and there is no valid basis for any such proceeding. No administrative or governmental action or proceeding has been taken in connection with the expiration, continuance or renewal of any such Permit and License.

**7.24 Bank Accounts.** Schedule 7.24 sets forth the name of each bank in which a Foreign Entity maintains any account or safe deposit box, along with the account or safe deposit box number, together with the signatories to each such account and any power of attorney granted in respect to such account.

**7.25 Accounts Receivable; Accounts Payable.**

(a) All accounts receivable of the Foreign Entities were acquired or arose from sales actually made or services actually performed in the Ordinary Course of Business that represent bona fide transactions and valid and enforceable claims, subject to no set off, counterclaim or Proceeding.

(b) All accounts payable of the Foreign Entities arose in bona fide arm's length transactions in the Ordinary Course of Business and the list of aged accounts payable set forth on Schedule 7.25 accurately reflects the status of all accounts payable of the Foreign Entities as of February 29, 2012.

**7.26 Brokers.** Other than set forth on Schedule 7.26, no broker, finder or other Person is or shall be entitled to any brokerage fees, commissions or finder's fees in connection with the transactions contemplated hereby from any Company Party by reason of any action taken by the Selling Entities.

**7.27 Insurance.** Schedule 7.27 sets forth, as of the date of this Agreement, an accurate list of all material policies of insurance (by policy number, insurer, policy holder, policy period, type, and amount of coverage) held by or for the benefit of the Business and the Foreign Entities with respect to its respective business, assets and properties (the "Insurance Policies"), including self insurance. The Insurance Policies cover the Business and the Foreign Entities against such risks and in such amounts customary for companies of similar size in the respective businesses in which the Foreign Entities operates, which Insurance Policies are also sufficient for compliance with the terms and provisions of all material contracts. The Company Parties, as the case may be, are in compliance with the terms and provisions of the Insurance Policies in all material respects and all premiums due and payable with respect thereto have been paid. As of the date of this Agreement, all of such Insurance Policies are in full force and effect, and the Company Parties have not received written notification of the cancellation of any such Insurance Policy. The limits of the Insurance Policies have not been materially eroded and aggregate limits have not been exhausted. Any claims prior to the date hereof for which insurance is available have been properly tendered to insurance. No material claims are pending, nor during the last five (5)

years have there been any material claims under any of the Insurance Policies as to which coverage has been questioned, denied or disputed by the underwriters of such policy.

**7.28 Customers.** Schedule 7.28 sets forth (i) the top ten (10) customers (based on 2011 fiscal year revenues) of the Company Parties (on a consolidated basis) (the "Principal Customers") and (ii) the dollar amount of consolidated net revenues of the Company Parties attributable to such Principal Customers for such fiscal year. Since the Balance Sheet Date, there has not been any change in the business relationship of the Company Parties with any Principal Customer that has been, or would reasonably be expected to be, material to the Company Parties (other than any change in such business relationship solely due to the filing of the Bankruptcy Petitions), and, to the Knowledge of the Company Parties, no Company Party has received any written or oral notice from any Principal Customer to the effect that any such Principal Customer (a) has changed, modified, amended or reduced its business relationship with any Company Party in a manner that would reasonably be expected to be material to any Company Party, or (b) will fail to perform its obligations under any Assumed Contract in a manner that would reasonably be expected to be material to the Company Parties.

**7.29 Suppliers.** Schedule 7.29 sets forth (i) the top ten (10) suppliers (based on 2011 fiscal year expenses) of the Company Parties (on a consolidated basis) (the "Principal Suppliers") and (ii) the dollar amount of expenses of the Company Parties attributable to such Principal Suppliers for such fiscal year. Since the Balance Sheet Date, there has not been any change in the business relationship of the Company Parties with any Principal Supplier that has been, or would reasonably be expected to be, material to the Company Parties (other than any change in such business relationship solely due to (A) the filing of the Bankruptcy Petitions or (B) the distressed financial condition of the Company Parties in the 12 months preceding the date hereof), and, to the Knowledge of the Company Parties, no Company Party has received any written or oral notice from any Principal Supplier to the effect that any such Principal Supplier (a) has changed, modified, amended or reduced its business relationship with any Company Party in a manner that would reasonably be expected to be material to any Company Party, or (b) will fail to perform its obligations under any Assumed Contract in a manner that would reasonably be expected to be material to the Company.

**7.30 Foreign Corrupt Practices Act.** Neither any Company Party, nor any officer, director, employee, representative, consultant or agent thereof acting on any Company Party's behalf, has made, directly or indirectly, any payment or promise to pay, or gift or promise to give or authorized such a promise or gift, of any money or anything of value, directly or indirectly, to: (a) any foreign official (as such term is defined in the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA")) for the purpose of influencing any official act or decision of such official or inducing him or her to use his or her influence to affect any act or decision of a foreign government, or any agency or subdivision thereof; or (b) any foreign political party or official thereof or candidate for foreign political office for the purpose of influencing any official act or decision of such party, official or candidate or inducing such party, official or candidate to use his, her or its influence to affect any act or decision of a foreign government or agency or subdivision thereof, in the case of both (a) and (b) above in order to assist any Company Party to obtain or retain business for or direct business to the Company Party and under circumstances which would subject any Company Party to liability under the FCPA or any corresponding foreign Laws.

**7.31 Bulk Sales Law.** Neither the sale and transfer of the Purchased Assets pursuant to this Agreement, nor the Purchaser's possession and use thereof from and after the Closing or Closing because of such sale and transfer, will be subject to: (a) any Law pertaining to bulk sales or transfers or to the effectiveness of bulk sales or transfers as against creditors of the Selling Entities; or (b) the imposition of any liability on the Purchaser for appraisal rights or other liability owing to the Selling Entities.

## ARTICLE 8

### COVENANTS AND AGREEMENTS

#### **8.1 Submission for Bankruptcy Court Approval.**

(a) In order to implement the transactions contemplated by this Agreement, the Selling Entities shall use commercially reasonable efforts to perform the following actions by the dates set forth below (each a "Chapter 11 Milestone"):

(i) obtain entry by the Bankruptcy Court of the Sale Procedures Order within approximately thirty (30) calendar days after commencement of the Bankruptcy Cases; and

(ii) obtain entry by the Bankruptcy Court of the Sale Order within one ninety (90) calendar days after commencement of the Bankruptcy Cases.

(b) Purchaser shall take such actions as are reasonably requested by the Selling Entities to assist the Selling Entities in obtaining a finding by the Bankruptcy Court that Purchaser is deemed to have purchased the Purchased Assets in good faith pursuant to section 363(m) of the Bankruptcy Code and that it has the necessary qualifications to show adequate assurance of future performance with respect to the Assumed Contracts as required by section 365(b) of the Bankruptcy Code. The Sale Procedures Order and the Sale Order may, at the Selling Entities' option, be sought under one combined set of motion papers, which shall be in form and substance reasonably acceptable to Purchaser. All parties hereto shall use their commercially reasonable efforts to cause the Chapter 11 Milestones to be timely met. The Selling Entities shall give notice under the Bankruptcy Code of the request for the relief specified in the Sale Motion and, to the extent not combined with the Sale Motion, the Sale Procedure Motion to any Person as to whom any Selling Entity has received notice that such Person has or may have, and to any Person who to Knowledge of the Company Parties, might assert, a claim against or with respect to, or interest in, any of the Purchased Assets or Assumed Obligations, and other appropriate notice, including such additional notice as the Bankruptcy Court shall direct or as Purchaser may reasonably request, and provide appropriate opportunity for hearing, to all parties entitled thereto, of all motions, orders, hearings, or other proceedings relating to this Agreement or the transactions contemplated hereby.

(c) Each Selling Entity and Purchaser shall use commercially reasonable efforts to consult with one another regarding pleadings which any of them intends to file with, or positions any of them intends to take before, the Bankruptcy Court in connection with, or which

might reasonably affect the Bankruptcy Court's approval of, the Sale Procedures Order or the Sale Order. In the event that an appeal is taken, or a stay pending appeal or reconsideration is effected or requested, of either the Sale Procedures Order or Sale Order, Selling Entities shall so notify Purchaser promptly of such appeal or request being taken, effected or made, and shall provide Purchaser with written notice, and copies of, any other or further appeals, notices of appeal, motions or applications filed in connection therewith. Each Selling Entity shall promptly provide Purchaser and its counsel with copies of any other notices, filings and orders of the Bankruptcy Court (and other courts) that such Selling Entity has in its possession (or receives) pertaining to the Motion for approval of the Sale Procedures Order, the Sale Order or any other order related to any of the transactions contemplated by this Agreement, but only to the extent such papers are not publicly available on the Bankruptcy Court's docket.

(d) If the Sale Procedures Order, the Sale Order or any other orders of the Bankruptcy Court relating to this Agreement or the transactions contemplated hereby shall be appealed by any Person (or if any petition for certiorari or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument shall be filed with respect to the Sale Procedures Order, Sale Order or other such order), subject to rights otherwise arising from this Agreement, the Selling Entities shall use their commercially reasonable efforts to prosecute such appeal, petition or motion and obtain an expedited resolution of any such appeal, petition or motion.

## **8.2 Assumption and Assignment of Assumed Contracts.**

(a) On the Closing Date, and pursuant to the Sale Order (as it shall have become a final order), any other final order of the Bankruptcy Court and/or the consent of the applicable counterparties to the extent necessary to effect the assignment pursuant to section 365 of the Bankruptcy Code, each applicable Selling Entity shall assume and assign to Purchaser, and Purchaser shall assume from each applicable Selling Entity, the Assumed Contracts.

(b) A list of the Assumed Contracts conforming to Schedule 2.1(e), and setting forth the Estimated Cure Payments (as provided in Section 8.2(d) below), shall be filed as an exhibit to the Sale Motion, or, if required by the Bankruptcy Court, a separate motion to assume and assign the Assumed Contracts, and otherwise shall be described in sufficient detail to provide adequate notice to the non-debtor counterparty to such Assumed Contracts. Upon removal of any Contract from Schedule 2.1(e) by Purchaser in accordance with the terms of this Agreement, the Selling Entities shall remove such Contract from such exhibit and provide such notice to the relevant counterparties as may be appropriate and necessary. In the event of such removal (including, without limitation, pursuant to Section 8.2(d) below), such Contract shall no longer constitute an Assumed Contract (and shall therefore constitute an Excluded Asset), and Purchaser shall not acquire any rights, nor assume any liabilities (including any obligation to satisfy any Cure Payments), with respect to such Contract so excluded (and any such liabilities shall not be Assumed Obligations).

(c) By not later than one (1) Business Day before the filing of the Sale Motion, Selling Entities shall deliver to Purchaser a schedule of Selling Entities' good faith estimate of the amount of the Cure Payments, if any, associated with each Assumed Contract (collectively, the "Estimated Cure Payments"). With respect to those Assumed Contracts in

which the Selling Entities are unable to establish that a default exists, the relevant Estimated Cure Payment amount shall be set at an amount approved by the Bankruptcy Court. In the event that the Estimated Cure Payment associated with an Assumed Contract is disputed by the relevant counterparty, Selling Entities shall use commercially reasonable efforts, including the filing and prosecution of any and all appropriate pleadings in the Bankruptcy Court, to establish the Estimated Cure Payments for such Assumed Contract as the Determined Cure Payment. Notwithstanding anything herein to the contrary, in the event that the Determined Cure Payment in respect of any Assumed Contract exceeds the Estimated Cure Payment for such Contract (whether such determination is prior to the Closing Date or otherwise), Purchaser may in its sole discretion, and on notice to the Selling Entities (who shall notify the relevant counterparty), exclude such Contract from Schedule 2.1(e), such that such Contract will no longer be an Assumed Contract.

(d) Notwithstanding anything herein to the contrary, Selling Entities will not terminate or reject, or take any action to cause or permit the termination, expiration, rejection, repudiation or disclaimer (or fail to take any action where such failure would result in any such termination, expiration, rejection, repudiation or disclaimer by operation of law or otherwise), any Contract without the prior written consent of Purchaser. Additionally, Selling Entities shall use commercially reasonable efforts to obtain, or assist Purchaser in obtaining, all consents (including, without limitation, from Contract counterparties) that may be necessary or required to effect the assumption and assignment of the Assumed Contracts to Purchaser pursuant to section 365 of the Bankruptcy Code; provided, however, that any payments required in connection with obtaining any such consent requested by Purchaser shall be paid by Purchaser. Selling Entities shall cause to be filed in the Bankruptcy Case such motion or other pleadings as may be appropriate or necessary to preserve their rights or ability to assume and assign any of the Contracts (including, without limitation, under Section 365(d)(4) of the Bankruptcy Code with respect to any lease of real property and any Assumed Contract in respect of which the amount of the Cure Payment has been disputed by the relevant counterparty).

**8.3 Overbid Procedures.** Purchaser and the Selling Entities acknowledge that the Selling Entities must take reasonable steps to demonstrate that they have sought to obtain the highest or otherwise best price for the Purchased Assets, including giving notice thereof to the creditors of the Selling Entities and other interested parties, providing information about the Selling Entities' business to prospective bidders (subject to confidentiality agreements in a form acceptable to the Selling Entities in their sole discretion), entertaining higher and better offers from such prospective bidders, and, in the event that additional qualified prospective bidders desire to bid for the Purchased Assets, conducting an auction in accordance with the Sale Procedures Order (the "Auction").

**8.4 Expense Reimbursement.** Provided the Bankruptcy Court shall have entered the Sales Procedures Order approving such Expense Reimbursement, and solely in the event that (i) Purchaser has not committed a material default under this Agreement that would prohibit one or more of the conditions specified in Article 10 from being satisfied, which default (A) cannot be or has not been cured within 15 days after the giving of written notice to the Selling Entities of such default or (B) has not been waived by Selling Entities, and (ii) the Bankruptcy Court enters an order approving an Alternative Transaction with an entity other than Purchaser or its designee (a "Non-Purchaser Entity"), and the closing of such Alternative Transaction has occurred, the

Selling Entities shall pay Purchaser reimbursement for all reasonable and documented out-of-pocket expenses (including, without limitation, legal and consulting fees and costs) (the "Expense Reimbursement"), such Expense Reimbursement not to exceed an amount equal to Six Hundred Seventy Five Thousand Dollars (\$675,000), and which Expense Reimbursement will compensate Purchaser for the lost opportunity cost and the value it brought to the Selling Entities and their bankruptcy estates in the form of the agreement to serve as a stalking horse for other bids and to reimburse the Purchaser for the time and effort expended and the expenses incurred in connection therewith. The Expense Reimbursement shall be payable to Purchaser on the date of the consummation and closing of the Alternative Transaction.

#### **8.5 Governmental Authority and Approvals.**

(a) Governmental Authority Approvals. Prior to the Closing, each of the Selling Entities and Purchaser shall use its commercially reasonable efforts to make any filings and notifications, and to obtain any consents from Governmental Authorities, required to be made and obtained under applicable legal requirements in connection with the transactions contemplated by this Agreement as promptly as practicable.

(b) Foreign Antitrust Laws. If applicable, each of Purchaser and the Selling Entities shall, as promptly as practicable after the date of this Agreement, make any filings and thereafter make any other required submissions required under applicable non-U.S. Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or significant impediments or lessening of competition or creation or strengthening of a dominant position through merger or acquisition ("Foreign Antitrust Laws").

(c) No Disposition. Notwithstanding any other provision of this Agreement, it is understood and agreed that Purchaser's obligations under this Section 8.4 shall not include: (i) disposing or transferring any asset, including those of Purchaser and any of its Affiliates; (ii) holding separate any of the Purchased Assets; or (iii) changing or modifying any course of conduct or otherwise making any commitment (to any Governmental Authority or otherwise) regarding future operations of Purchaser, its Affiliates or any of the Purchased Assets.

**8.6 Transaction Expenses.** Except as expressly provided for herein, each party shall pay all fees, costs and expenses incurred by it with respect to this Agreement, whether or not the transactions contemplated hereby are consummated.

#### **8.7 Conduct of Business.**

(a) From the date hereof until the Closing Date, except as contemplated by this Agreement, as required by the Bankruptcy Code or with the prior written consent of Purchaser (i) the Company Parties shall conduct the Business in the Ordinary Course of Business and in compliance in all material respects with all applicable Laws and orders of the Bankruptcy Court (including maintaining the same policies and procedures with respect to accounts receivable, payments of accounts payable and Inventory), (ii) the Company Parties shall use their commercially reasonable efforts to preserve substantially intact the business organization of the Business, to keep available the services of the current officers, employees and consultants of the

Company Parties and to preserve the current relationships of the Company Parties with Principal Customers, Principal Suppliers, employees and others having business relationships with the Company Parties. By way of amplification and not limitation, except as expressly required by this Agreement, as expressly required by the Bankruptcy Code or as set forth on Schedule 8.7, no Company Party shall, between the date of this Agreement and the Closing Date, without the prior written consent of the Purchaser (which consent shall not to be unreasonably, delayed or conditioned), take any action listed in Section 7.6, if taking such action between the Balance Sheet Date and Closing Date would have required it to be disclosed on Schedule 7.6.

(b) From the date hereof until the Closing Date, the Selling Entities shall use commercially reasonable efforts to obtain all consents to the extent required by operation of section 365(e) of the Bankruptcy Code for the assumption and assignment to Purchaser of the Assumed Contracts in accordance with this Agreement; provided that such obligation to use commercially reasonable efforts shall not require payment of money or other consideration by Selling Entities to satisfy such obligation, unless requested by Purchaser and Purchaser agrees to reimburse Selling Entities for such payment or other consideration.

(c) The Company Parties shall, in the Ordinary Course of Business, or otherwise with the prior written consent of Purchaser, pay, discharge and satisfy all of their respective post-petition liabilities and obligations (including, without limitation, trade payables and liabilities and obligations arising under the Assumed Contracts), as they come due in the Ordinary Course of Business prior to the Closing Date.

(d) Each Company Party shall, prior to the Closing Date, timely make or file any applications for the renewal of any Permit or License material to the operation of the Business for which the deadline to submit such application is prior to the expected Closing Date, and for which such application is necessary in order that the failure to do so will not result in the revocation, cancellation or termination of, or any adverse amendment or modification to, any such Permit and License.

(e) From the date hereof until the Closing Date, the Company Parties shall not make any changes to the structure, limits or terms and conditions of the current material Insurance Policies covering the Business and the Foreign Entities, including allowing policies to expire without renewing such policies or obtaining comparable replacement coverage.

(f) Notwithstanding the foregoing, the Selling Entities agree that, without the prior written consent of Purchaser, the Foreign Entities shall not (i) make or change any Tax election, (ii) change any annual Tax accounting period, (iii) adopt or change any method of Tax accounting, (iv) file any amended Tax return, report or form, (v) enter into any closing agreement, (vi) settle any Tax claim or assessment, (vii) surrender any right to claim a Tax refund, (viii) consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment or (ix) take or omit to take any other action, if any such action or omission would have the effect of materially increasing the Tax liability or reducing any Tax Asset of a Foreign Entity, Purchaser or any Affiliate of Purchaser. For purposes of this paragraph, "Tax Asset" shall mean any net operating loss, net capital loss, investment Tax credit or any other credit or Tax attribute which could reduce Taxes.



### **8.8 Access; Financial Information.**

(a) Purchaser and its representatives will have access to the Company Parties' employees, premises (including access to conduct environmental site assessments), lenders, books and records (including, but not limited to, leases, purchase orders, contracts, and price lists/schedules) maintained by the Company Parties with respect to the Purchased Assets and the Foreign Entity's Assets during normal business hours until the Closing. After the Closing, Purchaser shall allow the Selling Entities (or their assignees or designees), upon reasonable prior notice and the execution of a customary non-disclosure agreement, access to any books and records (or copies of) of the Selling Entities, along with access to a copier, which are purchased by Purchaser in order to allow the Selling Entities to fulfill their statutory and legal duties with respect to winding down the affairs of the Selling Entities' bankruptcy.

(b) As soon as reasonably practicable after they become available, the Selling Entities shall furnish to Purchaser its internally prepared financial statements otherwise made available to its board of directors, DIP Lenders, chief executive officer or any other Person in connection with the Bankruptcy.

(c) By 2:00 P.M. (Pacific Time) on the day that is three (3) Business Days prior to the Closing Date, the Selling Entities shall deliver to Purchaser a revised schedule of aged accounts payable, in a form substantially similar the form set forth on Schedule 7.25, accurately reflecting the status of all accounts payable of the Foreign Entities as of the date thereof

**8.9 Further Assurances.** Purchaser and the Selling Entities shall, from time to time after the Closing, without further consideration execute and deliver such instruments and take such further actions as may be reasonably necessary or desirable to carry out the provisions hereof and the transactions contemplated hereby, including using commercially reasonable efforts to effectuate the assignment by the Selling Entities of such additional contracts, leases, Permitted and Licenses of the Selling Entities as Purchaser shall reasonably request, and to the extent that a payment is required in connection with any such request, upon payment by Purchaser of any such assignment. If any party hereto or its agents collect funds properly belonging to the other party after the Closing Date, the receiving party shall (and shall cause its agents to) promptly forward such collections or funds to the other party.

### **8.10 Payment of Certain Taxes.**

(a) Unless exempt under Section 1146(c) of the Bankruptcy Code, Purchaser shall pay any and all sales and/or transfer taxes imposed by any taxing authority, including, without limitation, any state, county, municipality or other subdivision thereof, in connection with the consummation of the transactions contemplated by this Agreement.

(b) On or prior to the Closing, the Foreign Entities shall have paid all Taxes with respect to any Foreign Entity (or for which any Foreign Entity may be liable) for any taxable period that ends on or before the Closing Date or, in the case of a taxable period that includes, but does not end on, the Closing Date (each, a "Straddle Period"), the portion of such Straddle Period from the start of such Straddle Period to and including the Closing Date. Taxes

allocable to a Straddle Period shall be determined in accordance with the principles provided in the first two sentences of Section 3.3 herein.

**8.11 Notifications.** From the date of this Agreement until the earlier of the Closing or the termination of this Agreement pursuant to Section 11.1, the Selling Entities shall give Purchaser prompt written notice of the occurrence of any of the following events, to the extent that such events reasonably could be expected to be material to the Business:

- (a) any loss, taking, condemnation, damage or destruction of or to any of the Purchased Assets (each a "Loss", and such event an "Event of Loss");
- (b) the commencement of any Proceeding against the any Company Party or against any other party which affects the Purchased Assets or the Business;
- (c) any labor grievance, controversy, strike, or dispute affecting the Purchased Assets, the Business or a Foreign Entity;
- (d) any material violation by the Company Parties of any foreign, federal, state or local Law;
- (e) any notice of a post-petition material breach, default, claimed default or termination of any Contract;
- (f) any event occurring or fact, circumstance or condition arising after the date of this Agreement that, if such event occurred or such fact, circumstance or condition arose before or on the date of this Agreement that (i) would have been required to be disclosed in the Schedules or (ii) would be required to correct any existing inaccuracy or deficiency in the Schedules;
- (g) any event that, if not for the transactions contemplated hereby and any exceptions provided by the Bankruptcy Code, would have been required to be filed in a Company Report with the SEC; or
- (h) any other materially adverse developments with respect to the Purchased Assets or the Business.

**8.12 Employees.** Purchaser shall offer employment to those employees of the Company Parties selected by the Purchaser at such salaries, compensation levels and terms and conditions as Purchaser may determine. Those employees to whom offers of employment are made and who commence employment with the Purchaser shall be collectively referred to as the "Transferred Employees".

**8.13 Damage or Destruction.** Until the Closing, the Purchased Assets shall remain at the risk of the Selling Entities. With respect to any Event of Loss after the date hereof and prior to the Closing, the Selling Entities shall give notice thereof to the Purchaser, and if any such Losses would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, Purchaser shall be entitled to terminate this Agreement upon providing the Selling Entities written notice of such termination. If any such Loss is covered by policies of

insurance, all right and claim of the Selling Entities to any proceeds of insurance for such Loss shall be assigned and (if previously received by the Selling Entities and not used prior to the Closing Date to repair any damage or destruction) paid to the Purchaser at Closing. If any such Loss occurs with respect to a material Purchased Asset and is not covered by policies of insurance, the Purchaser shall have the right to reduce the Purchase Price by an amount equal to (i) the estimated cost to repair or restore the Purchased Assets affected by such Loss (the "Affected Assets") to substantially repair or restore their condition immediately prior to the occurrence of such Loss or (ii) if such Affected Assets are destroyed or damaged beyond repair, the replacement cost of the Affected Assets, and all compensation payable on account of such Loss shall be retained by the Selling Entities. If the Purchaser elects to reduce the Purchase Price pursuant to this Section 8.13, the Selling Entities and the Purchaser shall negotiate in good faith in an effort to agree upon the amount of such reduction. If the parties are unable to reach agreement within five (5) Business Days after notice of the Loss is given by the Selling Entities, then the amount of the reduction shall be determined by an independent, qualified insurance adjuster selected by the parties (or, if they are unable to agree on such selection, one appointed by the Bankruptcy Court upon application of either party).

**8.14 Confidentiality and Public Disclosure.** The Selling Entities acknowledge that they shall not, and they shall cause any of their respective Subsidiaries, Affiliates, directors or officers not to, at any time following the date hereof, disclose any Confidential Information to anyone other than to representatives of Purchaser or the Selling Entities (except for any such Confidential Information which is required by applicable Law to be disclosed by it in connection with any Proceeding, and then only after the Selling Entities have given written notice to Purchaser of its obligation to disclose such Confidential Information so that Purchaser may waive compliance with the provisions of this Section 8.14, or be given a reasonable opportunity to obtain, at Purchaser's expense, an appropriate protective order with respect to such disclosure, and the Selling Entities shall cooperate with Purchaser, at Purchaser's expense, in connection with obtaining such protective order; provided, that if in the absence of a protective order or the receipt of a waiver by Purchaser, the Selling Entities are nonetheless, in the opinion of the Selling Entities' outside counsel, legally required to disclose Confidential Information, the Selling Entities may disclose Confidential Information but only to the extent so legally required to be disclosed in the opinion of the Selling Entities' outside counsel).

**8.15 Customers, Suppliers and Lenders.** The Selling Entities shall, promptly following the request thereof by the Purchaser, seek and use their reasonable best efforts to arrange such meetings and telephone conferences with all material customers, suppliers and lenders of the Company Parties as may be necessary and appropriate for the Purchaser to conduct a comprehensive review of the Company Parties' relations with their customers, suppliers and lenders.

**8.16 Use of Name.** Selling Entities hereby agree that upon and following the Closing, Selling Entities shall not use the name "DRI", "Digital Records", "TwinVision" or any of the items listed in the schedule of Marks and applications for Marks set forth in Schedule 7.14, or otherwise contained in the Company IP, or similar names or any service marks, trademarks, trade names, identifying symbols, logos, emblems, signs or insignia related thereto or containing or comprising the foregoing, including any name or mark confusingly similar thereto (collectively, the "Business Name Trademarks"), other than in the case of disclosures by Selling Entities of

their former ownership of the Business and in connection with normal wind down of the Selling Entities and with respect to all matters before the Bankruptcy Court, including but not limited to the Bankruptcy Court proceedings or case captions. In furtherance thereof, within five (5) Business Days following the Closing Date, each Selling Entity shall file such amendments to its formation or organizational documents with the relevant Governmental Body in its jurisdiction of formation or organization and, where appropriate, those jurisdictions in which it is qualified to do business, to remove any Business Name Trademarks from its legal name by appropriate legal proceedings in such jurisdictions, and shall make all necessary filings with the Bankruptcy Court to reflect such name changes in connection with the Bankruptcy.

**8.17 Designation of Resigning Directors.** No later than 10 days prior to the Closing Date, Purchaser shall deliver to the Selling Entities a list of the directors of the Foreign Entities (or such similar Persons with regard to such Foreign Entities which are not corporations) who shall resign their positions effect as of the Closing Date (such Persons, the "Resigning Directors").

## **ARTICLE 9**

### **CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PURCHASER**

The obligation of Purchaser to consummate the transactions contemplated herein is subject to the satisfaction, at or before the Closing, of each of the following conditions (any of which conditions may, subject to Section 4.2, be waived by Purchaser in its sole discretion):

**9.1 Representations, Warranties and Covenants.** The Fundamental Representations of the Company Parties contained in this agreement shall be true and correct in all respects, and the other representations and warranties of the Company Parties contained in this Agreement shall be true and correct in all material respects (except for such representations and warranties which are qualified by their terms by a reference to materiality, which representations and warranties as so qualified will be true in all respects) as of Closing Date with the same force and effect as though made on the Closing Date and, to the Knowledge of any Company Party, as of the date hereof. The Company Parties shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by the Company Parties on or prior to the Closing Date (except for such covenants and agreements which are qualified by their terms by a reference to materiality, which covenants and agreements as so qualified will have been performed or complied with in all respects). Excluding any objections to the entry of the Sale Order, no action, proceeding or investigation (including, without limitation, actions, proceedings or investigations commenced or threatened by a governmental authority) has been commenced or threatened to prevent, or seek damages as a result of, the execution and delivery of this Agreement or the consummation of any of the transactions contemplated herein (unless such action, proceeding or investigation has been dismissed or otherwise disposed of at least seven (7) days prior to the Closing Date).

**9.2 Sale Order.** The Bankruptcy Court shall have entered the Sale Order, which shall have become final and is no longer subject to appeal.

**9.3 Deliveries at Closing.** Purchaser shall have received all documents and other items to be delivered by the Selling Entities pursuant to Section 5.1. The Selling Entities shall have assigned to Purchaser the Assumed Contracts.

**9.4 Consent of Debt and Contract of Foreign Entities.** The consummation of this Agreement will not result in (i) the default of a Material Contract of any Foreign Entity, (ii) except as set forth on Schedule 9.4, the acceleration of or default under any Indebtedness of any Foreign Entity, including the payment of any performance or payment bonds; provided, the Selling Entities may deliver an amendment or revision, duly executed by the applicable counterparty to any such Material Contract or Indebtedness, in a form acceptable to Purchaser in its sole discretion, providing that the consummation of this Agreement will not result in any such default or acceleration.

**9.5 Resignation of Directors.** The Resigning Directors shall have resigned, such resignations to be effective as of the Closing Date.

**9.6 Proceedings and Instruments Satisfactory.** All proceedings, corporate or otherwise, required to be taken by the Selling Entities prior to or at Closing in connection with the performance of this Agreement, and all documents incident thereto, shall be complete to the reasonable satisfaction of Purchaser and its counsel.

**9.7 No Material Adverse Effect.** Between the date of this Agreement and the Closing, there shall have been no Material Adverse Effect (or event that would reasonably be expected to result in a Material Adverse Effect).

**9.8 Absence of Proceedings.** No claim, suit, action or other proceeding shall be pending or threatened before or by any court, governmental agency, arbitrator or other entity against any of the parties to this Agreement with respect to the transactions contemplated by this Agreement, except for the proceedings conducted in the Bankruptcy Court related to and arising out of the Bankruptcy Petitions.

**9.9 Antitrust.** If applicable, the waiting period applicable under any Foreign Antitrust Laws shall have expired or been earlier terminated and any required approvals thereunder shall have been obtained.

## **ARTICLE 10**

### **CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE SELLING ENTITIES**

The obligation of the Selling Entities to consummate the transactions contemplated herein is subject to the satisfaction, at or before the Closing, of each of the following conditions (any of which conditions, subject to Section 4.2, may be waived by the Selling Entities in their sole discretion):

**10.1 Representations, Warranties and Covenants.** The Fundamental Representations of the Purchaser contained in this agreement shall be true and correct in all respects, and the other representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects (except for such representations and warranties which are qualified by their terms by a reference to materiality, which representations and warranties as so qualified will be true in all respects) on and as of the date hereof, and as of Closing Date with the same force and effect as though made on the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all respects on and as of such earlier date). Purchaser shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Purchaser on or before the Closing Date (except for such covenants and agreements which are qualified by their terms by a reference to materiality, which covenants and agreements as so qualified will have been performed or complied with in all respects).

**10.2 Sale Order.** The Bankruptcy Court shall have entered the Sale Order, which shall not be subject to a stay.

**10.3 Deliveries at Closing.** The Selling Entities shall have received all documents and other items to be delivered by Purchaser pursuant to Section 5.2.

**10.4 Antitrust.** If applicable, the waiting period applicable under any Foreign Antitrust Laws shall have expired or been earlier terminated and any required approvals thereunder shall have been obtained.

## **ARTICLE 11**

### **TERMINATION; EFFECT OF TERMINATION**

**11.1 Termination of Agreement.** This Agreement may be terminated only as follows:

- (a) by written agreement of the Selling Entities and Purchaser at any time;
- (b) either the Selling Entities or Purchaser, if the Closing shall not have occurred on or prior to the Outside Date for any reason other than such party's breach of this Agreement;
- (c) either the Selling Entities or Purchaser, if any order of any Governmental Authority preventing the consummation of the transactions contemplated hereby shall have become final and non-appealable; provided, however, that such termination shall not be available to any party whose failure to comply with or perform in any material respect any covenant contained in this Agreement has been the primary cause of such order;
- (d) by Purchaser, on written notice to the Selling Entities, if one or more of the conditions specified in Article 9 becomes incapable of satisfaction

prior to the Outside Date and such incapability cannot be or has not been cured within 15 days after the giving of written notice to the Selling Entities of such incapability; provided, that such termination shall not be available to the Purchaser if the failure of Purchaser to comply with or perform in any material respect any representation, warranty or covenant contained in this Agreement has been the primary cause of such incapability to satisfy such condition;

- (e) by the Selling Entities, on written notice to Purchaser, if one or more of the conditions specified in Article 10 becomes incapable of satisfaction prior to the Outside Date and such incapability cannot be or has not been cured within 15 days after the giving of written notice to the Selling Entities of such incapability; provided, that such termination shall not be available to the Selling Entities if the failure of a Company Party to comply with or perform in any material respect any representation, warranty or covenant contained in this Agreement has been the primary cause of such incapability to satisfy such condition;
- (f) by Purchaser, in the event there is any stay resulting in a material delay to the estimated Closing Date, material modification, material amendment, vacatur or reversal of, or material supplement to, the Sale Order or Sale Procedures Order, or if such orders are otherwise rendered ineffective, in each case where the event is material and adverse to Purchaser, where such event is effected without Purchaser's prior written consent;
- (g) by Purchaser, in the event there is a dismissal or conversion to chapter 7 of any of the Bankruptcy Cases where the dismissal or conversion does not expressly contemplate the transactions provided in this Agreement, or appointment of any trustee in the Bankruptcy Cases (or in any successor cases) that rejects the transactions contemplated thereby;
- (h) by Purchaser in the event that Purchaser is not identified as the successful bidder at the conclusion of the Auction, or if an Alternative Transaction is approved by the Bankruptcy Court, all subject to the provisions of Section 8.4; or
- (i) by Purchaser, if the Sale Motion, as filed, is withdrawn, or entry of the Sale Order is denied by the Bankruptcy Court.

**11.2 Effect of Termination.** If this Agreement is terminated pursuant to this Article 11 and the transactions contemplated hereby are not consummated, this Agreement shall become null and void and have no further force or effect, and no liability shall attach to either of the parties. Notwithstanding anything in this Agreement to the contrary, the provisions of Sections 3.1 (with respect to the Deposit), Section 8.4, this Section 11.2 and Article 12 shall survive any termination of this Agreement.

## ARTICLE 12

### MISCELLANEOUS

**12.1 Survival.** The parties hereto agree that the representations and warranties contained in this Agreement shall not survive the Closing hereunder, and none of the parties nor any of their respective officers, directors, representatives, employees, advisors or agents shall have any liability to the others after the Closing for any breach thereof (it being understood that nothing in this Section 12.2 shall impact any remedy available to any party hereto in the event of fraud). The parties hereto agree that only the covenants contained in this Agreement to be performed at or after the Closing Date shall survive the Closing hereunder, and each of the parties hereto shall be liable to the others after the Closing Date for any breach thereof. Notwithstanding anything in this Agreement to the contrary, the provisions of Sections 3.1 (with respect to the Deposit), Section 8.4, Section 11.2 and this Article 12 shall survive any termination of this Agreement.

**12.2 Jurisdiction.** The parties agree that the Bankruptcy Court shall retain exclusive jurisdiction to resolve any controversy or claim arising out of or relating to this Agreement or the implementation or the breach hereof.

**12.3 Notices.** All notices, consents or other communications required or permitted hereunder shall be given in writing and hand delivered or addressed and sent by Federal Express or other recognized overnight courier, or by certified or registered mail, postage prepaid, and return receipt requested, as follows:

If to the Selling Entities:

DRI Corporation  
4018 Patriot Dr., Ste 100  
Research Triangle Park, NC 27703  
Attn: Elaine T. Rudisill, CRO  
Tel: (704) 576-1452  
Email: [elaine@finleygroup.com](mailto:elaine@finleygroup.com)



With a copy (which shall not constitute notice) to:

Wyrick Robbins Yates & Ponton LLP  
4101 Lake Boone Trail, Suite 300  
Raleigh, NC 27607  
Attn: Larry E. Robbins  
Tel: 919-781-4000  
Fax: 919-781-4865  
Email: [lrobbins@wyrick.com](mailto:lrobbins@wyrick.com)

Northern Blue, LLC  
1414 Raleigh Road, Suite 435  
Chapel Hill, NC 27517  
Attn: John Northen  
Tel: 919-968-4441  
Fax: 919-942-6603  
Email: [jan@nbfirm.com](mailto:jan@nbfirm.com)

If to Purchaser:

c/o Levine Leichtman Capital Partners, Inc.  
335 North Maple Drive, Suite 130  
Beverly Hills, CA 90210  
Facsimile: (310) 275-1305  
Attn: Steven Hartman

With a copy (which shall not constitute notice) to:

Schulte Roth & Zabel LLP  
919 Third Avenue  
New York, NY 10022  
Attention: Richard A. Presutti, Esq.  
Telephone: (212) 756-2063  
Facsimile: (212) 593-5955  
E-mail: [richard.presutti@srz.com](mailto:richard.presutti@srz.com)

or to such other address as may hereafter be designated by any party by the giving of notices in accordance with this Section 12.4. All notices, consents or other communications shall be deemed given when actually delivered (in the case of hand delivery by Federal Express or other recognized overnight courier) or received by fax or five days after mailing in accordance with this Section 12.4.

**12.4 Governing Law.** To the extent not governed by the Bankruptcy Code, this Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without giving effect to rules governing the conflict of laws.

**12.5 Waiver.** The waiver by a party of a breach of any covenant, agreement or undertaking contained herein shall be made only by a written waiver in each case. No waiver of

any breach of any covenant, agreement or undertaking contained herein shall operate as a waiver of any prior or subsequent breach of the same covenant, agreement or undertaking or as a waiver of any breach of any other covenant, agreement or undertaking.

**12.6 Severability.** If any provision of this Agreement shall be held invalid, illegal or unenforceable, in whole or in part, the validity, legality, and enforceability of the remaining part of such provision, and the validity, legality and enforceability of all other provisions hereof or thereof, shall not be affected thereby.

**12.7 Counterparts.** This Agreement may be executed in one or more counterparts (whether manually signed or by facsimile), each such counterpart shall be deemed an original, and all such counterparts shall constitute one and the same agreement.

**12.8 Interpretation.**

(a) The headings, titles or captions of the Articles and Sections of this Agreement are inserted only to facilitate reference, and they shall not define, limit, extend or describe the scope or intent of this Agreement or any provision hereof, and they shall not constitute a part hereof or affect the meaning or interpretation of this Agreement or any part hereof.

(b) Unless otherwise indicated, all references in this Agreement to Sections, Articles, Annexes, Exhibits or Schedules shall be deemed to refer to Sections, Articles, Annexes, Exhibits or Schedules of or to this Agreement, as applicable.

(c) Unless otherwise indicated, references to "officers" and "directors", when used in this Agreement, shall be deemed to include similarly situated individuals in any other corporate form, both domestic and foreign.

(d) The parties to this Agreement agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any Law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

**12.9 Amendments.** This Agreement may not be amended, changed, modified, altered or terminated unless the Selling Entities and Purchaser agree in writing to such amendment, change, modification, alternation or termination.

**12.10 Remedies Cumulative; Specific Performance.** Subject to the provisions of Section 3.1(b), no remedy herein conferred is exclusive of any other available remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given by agreement or now or hereafter existing at law or in equity or by statute. In addition to any and all other remedies that may be available at law, in the event of any breach of this Agreement, each party shall be entitled to seek specific performance of the agreements and obligations hereunder and to such other injunctive or equitable relief as may be granted by a court of competent jurisdiction.

**12.11 Binding Nature; Assignment.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interest or obligations hereunder shall be assigned by any of the parties hereto without prior written consent of the other parties; provided, however, that Purchaser may collaterally assign or grant a security interest in its rights and interests hereunder to a third party, including but not limited to lenders, noteholders, or agents or trustees on their behalf, in connection with any financing of the Purchase Price so long as such action is not effective except in connection with the Closing of the Purchased Assets. Nothing contained herein, express or implied, is intended to confer on any Person, other than the parties hereto or their successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement; provided, further, however that Purchaser may assign this Agreement, any of its rights or interests hereunder, and any Purchased Assets (or any portion thereof) to any Purchaser Affiliate or other designee, provided that such assignment shall not relieve Purchaser of any of its financial obligations hereunder.

**12.12 No Third Party Beneficiaries.** This Agreement is a contract solely between Purchaser and the Selling Entities. No third party beneficiaries, (including, without limitation, employees and customers of the Selling Entities), other than the Purchaser's and Selling Entities respective successors and permitted assigns, are intended hereunder and none shall be inferred herein; and no party other than Purchaser or the Selling Entities (or their respective successors or permitted assigns) may assert any right, make any claim or otherwise attempt to enforce any provision of or under this Agreement.

**12.13 Entire Agreement.** This Agreement, including the Exhibits, the Schedules and any other documents or certificates delivered pursuant thereto, constitutes the entire agreement and understanding of the parties in respect of the subject matter hereof. The Exhibits and the Schedules are an integral part of this Agreement and are incorporated by reference herein. This Agreement supersedes all prior agreements, understandings, promises, representations and statements between the parties and their representatives with respect to the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the parties have caused their duly authorized officers to execute this Agreement as of the day and year first above written.

**PURCHASER:**

DRI HOLDING VEHICLE LLC


By: Levine Leichtman Capital Partners, Inc., its manager

By: 

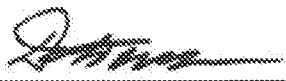
Name: Steve Hartman  
Title: Vice President

SELLING ENTITIES:

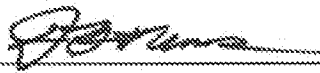
DRI CORPORATION

By:   
Name: *David L. Turney*  
Title: *CEO*

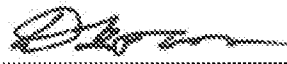
DIGITAL RECORDERS, INC.

By:   
Name: *David L. Turney*  
Title: *President*

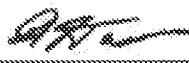
TWINVISION OF NORTH AMERICA, INC.

By:   
Name: *David L. Turney*  
Title: *President*

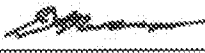
ROBINSON TURNEY INTERNATIONAL, INC.

By:   
Name: *David L. Turney*  
Title: *President*


DRI EURPA AB

By:   
Name: *David L. Turney*  
Title: *Managing Director*

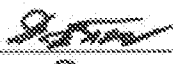
MOBITEC AB

By:   
Name: *David L. Turney*  
Title: *Chairman*

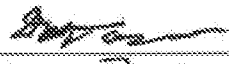
DRI EURPA AB

By:   
Name: David L. Turvey  
Title: Managing Director

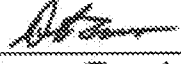
MOBITEC GMBH

By:   
Name: David L. Turvey  
Title: Managing Director

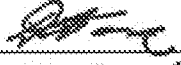
MOBITEC EMPREENDIMIENTOS E PARTICIPACOES LTDA

By:   
Name: David L. Turvey  
Title: Authorized Officer

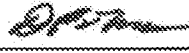
MOBITEC BRAZIL LTDA

By:   
Name: David L. Turvey  
Title: Director

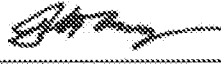
MOBITEC PTY LTD

By:   
Name: David L. Turvey  
Title: Authorized Officer

MOBITEC FAT EAST PTE LTD

By:   
Name: David L. Turvey  
Title: Director

CASTMASTER MOBITEC INDIA PRIVATE LIMITED

By:   
Name: David L. Turvey

Title: *Director*

EXHIBIT A  
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DRI Corporation Foreign Operations Working Capital Calculations	2011		2011		2011		2011		2011		2011		2011		2011		2011	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June
Pl s: c rrent assets	21,846,144	22,600,808	23,343,240	23,850,911	23,888,439	24,178,022	22,872,288	22,741,780	21,974,000	22,868,046	21,808,954	20,392,402	20,297,002	1,282,190	1,318,376	1,042,739	1,112,334	966,311
ess: c rrent lia ilities	16,662,211	17,061,919	18,108,487	18,367,239	18,201,688	17,928,722	18,680,800	15,401,703	1,614,120	16,400,016	1,612,769	14,410,004	14,140,536	38,271,377	39,008,577	6,707,814	6,568,001	800,001
Pl s: line of credit	1,377,335	1,300,865	1,333,893	1,163,803	1,072,311	989,123	800,032	843,092	823,022	781,133	767,141	914,722	30,498	71,371	713,217	610,522	5,862	33,618
Pl s: c rrent portion of long ter de t	11,022	10,416	9,672	9,323	6,207	7,228	4,686	397,080	4,174	3,600	2,488	8,686	1,002,269	873,360	978,026	1,065,097	1,010,088	1,038,389
Pl s: notes a a le - ut er	224,954	217,069	24,351	91,885	72,288	162,689	118,693	211,590	3,613	244,044	258,731	228,683	930,283	873,360	978,026	1,065,097	1,010,088	1,038,389
Pl s: long ter portion of ca ital lease	12,486,137	13,209,713	13,866,343	13,661,837	13,993,674	13,849,671	13,689,400	13,088,071	13,086,322	13,869,326	13,422,731	12,377,874	12,084,986	12,486,137	13,209,713	13,866,343	13,661,837	13,993,674
Pl s: deferred ta lia ilities																		
Pl s: inco e tr a a le																		
or ling ca ita l																		
<b>12-month average</b>																		
<b>6-month average</b>																		



## ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement"), dated as of [•], 2012, is being entered into by and among (i) DRI Holding Vehicle LLC, a limited liability company organized under the laws of Delaware (the "Purchaser"), (ii) [DRI Corporation], as representative of the Sellers (the "Seller Representative"), and (iii) American Stock Transfer & Trust Company, LLC, a New York limited liability trust company, as escrow agent (the "Escrow Agent"). The Purchaser and the Seller Representative are individually referred to herein as a "Party" and collectively as the "Parties".

### RECITALS

WHEREAS, the Purchaser, DRI Corporation, Digital Recorders, Inc., TwinVision of North America, Inc. and Robinson Turney International, Inc. (each a "Seller" and collectively the "Sellers") entered into that certain Asset Purchase Agreement (the "Purchase Agreement"), dated as of [•], 2012, pursuant to which the Purchaser is purchasing certain assets of the Sellers (capitalized terms used and not otherwise defined in this Escrow Agreement are used herein as defined in the Purchase Agreement);

WHEREAS, the Purchase Agreement provides that an account will be established to hold an Escrow Amount, which account will secure a Deposit (as defined below), certain Asserted Cure Payment obligations arising under Section 3.1 of the Purchase Agreement and certain purchase price adjustment obligations arising under Section 3.5 of the Purchase Agreement, each subject to the limitations expressly set forth in the Purchase Agreement; and

WHEREAS, the Purchaser and the Seller Representative desire to appoint the Escrow Agent to act as escrow agent hereunder in the manner hereinafter set forth, and the Escrow Agent is willing to act in such capacity.

### ARTICLE 1 ESCROW DEPOSIT

Section 1.1 Receipt of Escrow Amount. Pursuant to (i) Section 3.1(b) of the Purchase Agreement, within one Business Day after the date on which the Sale Motion is filed with the Bankruptcy Court, the Purchaser will deposit with the Escrow Agent via wire transfer of immediately available funds, an amount in cash equal to \$1,125,000 (the "Deposit"), (ii) Section 3.1(a) of the Purchase Agreement, at the Closing, Purchaser will deposit with the Escrow Agent via wire transfer of immediately available funds, an amount to be determined at the Closing relating to Asserted Cure Payments (the "Asserted Cure Payment Amount"), if any, and (iii) Section 3.1(a) of the Purchase Agreement, at the Closing, the Purchaser will deposit with the Escrow Agent via wire transfer of immediately available funds, an amount equal to \$500,000 (the "Working Capital Escrow Amount", together with the Deposit and the Asserted Cure Payment Amount, the "Escrow Amount"). Upon the Escrow Agent's receipt of the Deposit, the Asserted Cure Payment Amount and the Working Capital Escrow Amount, the Escrow Agent shall deposit such amounts into the escrow account (the "Escrow Account") and, as promptly as practicable thereafter, acknowledge receipt of the Deposit, the Asserted Cure Payment Amount

and the Working Capital Escrow Amount, respectively, in writing to the Purchaser and the Seller Representative.

Section 1.2 Investments.

(a) The Escrow Agent is authorized and directed to deposit, transfer, hold and invest the Escrow Amount and any investment income thereon as set forth in Exhibit A hereto, or as set forth in any subsequent written instruction signed jointly by the Purchaser and the Seller Representative (any such instruction, a "Joint Instruction"). Any investment earnings and income on the Escrow Amount shall not become part of the Escrow Amount and shall be disbursed to the Seller Representative promptly following the end of each calendar year.

(b) The Escrow Agent is hereby authorized and directed to sell or redeem any such investments as it deems necessary to make any payments or distributions required under this Escrow Agreement. The Parties acknowledge that the Escrow Agent is not providing investment supervision, recommendations, or advice. The Escrow Agent shall not be liable or responsible for loss in the value of any investment made pursuant to this Agreement, or for any loss, cost or penalty resulting from any sale or liquidation of Escrow Amount.

(c) The Escrow Agent shall provide to the Purchaser and the Seller Representative monthly statements identifying transactions, transfers or holdings of or involving the Escrow Amount and each such statement shall be deemed to be correct and final upon receipt thereof by the Purchaser and the Seller Representative unless Escrow Agent is notified in writing to the contrary within thirty (30) business days of the date of such statement.

Section 1.3 Deposit.

(a) Upon the earlier of (i) one Business Day prior to the Closing Date or (ii) within one Business day of the termination of the Purchase Agreement pursuant to Section 11.1(e) thereof for failure of the condition precedent set forth in Section 10.1 thereof (such termination, a "Purchaser Default Termination"), the Parties shall issue a Joint Instruction to the Escrow Agent to release the Deposit (plus all accrued interest thereon) to the Seller Representative by wire transfer of immediately available funds. Such Joint Instruction shall specify whether the release of the Deposit is in connection with the Closing or a Purchaser Default Termination. If the release of the Deposit is in connection with the Closing, the Escrow Agent will, on the next Business Day at the time of Closing (x) designated in the Joint Instruction or (y) designated by telephone conference between the Parties and the Escrow Agent (with confirmation of such telephone conference to be confirmed via e-mail circulated among the Parties and the Escrow Agent), disburse the Deposit (plus all accrued interest thereon) to the Seller Representative. If the release of the Deposit is in connection with a Purchaser Default Termination, the Escrow Agent will upon the earlier of: (1) within two Business Days of the Escrow Agent's receipt of such Joint Instruction or (2) upon entry of a Final Order to such effect by the Bankruptcy Court or other court of competent jurisdiction, disburse the Deposit (plus all accrued interest thereon) to the Seller Representative.

(b) If the Purchase Agreement is terminated other than pursuant to a Purchaser Default Termination, the Parties shall, within one Business Day of such termination, issue a Joint

Instruction to the Escrow Agent to release the Deposit (plus all accrued interest thereon) to the Purchaser by wire transfer of immediately available funds. If the release of the Deposit is in connection with a termination other than pursuant to a Purchaser Default Termination, the Escrow Agent will upon the earlier of: (1) within two Business Days of the Escrow Agent's receipt of such Joint Instruction or (2) upon entry of a Final Order to such effect by the Bankruptcy Court or other court of competent jurisdiction, disburse the Deposit (plus all accrued interest thereon) to the Purchaser.

Section 1.4 Asserted Cure Payments under the Purchase Agreement.

(a) As and when any Asserted Cure Payment becomes a Determined Cure Payment, the Parties shall issue a Joint Instruction to the Escrow Agent to release (i) the amount of such Determined Cure Payment (and any interest accrued thereon) to the Purchaser and (ii) if any such Asserted Cure Payment is greater than the corresponding Determined Cure Payment, then the amount equal to the difference between such Asserted Cure Payment and the corresponding Determined Cure Payment (and any interest accrued thereon) to the Seller Representative. Each Joint Instruction issued by the Parties under this Section 1.4(a) shall set forth the specific dollar amounts to be disbursed from the Asserted Cure Payment Amount to the Purchaser and the Seller Representative, respectively, under subsections (i) and (ii) above. The Escrow Agent will disburse the amounts required by this Section 1.4(a) upon the earlier of: (1) within two Business Days of the Escrow Agent's receipt of such Joint Instruction or (2) upon entry of a Final Order to such effect by the Bankruptcy Court or other court of competent jurisdiction.

(b) After all Asserted Cure Payments have become Determined Cure Payments, the Parties shall issue a Joint Instruction to the Escrow Agent to release the balance of the Asserted Cure Costs Payment (and any interest accrued thereon), if any, to the Seller Representative. The Escrow Agent will disburse the amounts required by this Section 1.4(b) upon the earlier of: (1) within two Business Days of the Escrow Agent's receipt of such Joint Instruction or (2) upon entry of a Final Order to such effect by the Bankruptcy Court or other court of competent jurisdiction.

Section 1.5 Post Closing Adjustment under the Purchase Agreement.

(a) Following the determination of the Final Working Capital pursuant to Section 3.5 of the Purchase Agreement, if there is a Downward Adjustment Amount, the Parties shall issue a Joint Instruction to the Escrow Agent to release the Downward Adjustment Amount (plus all accrued interest thereon) from the Escrow Account to the Purchaser by wire transfer of immediately available funds. The Escrow Agent will, within two Business Days of the Escrow Agent's receipt of such Joint Instruction, disburse to (i) the Purchaser, such Downward Adjustment Amount (plus all accrued interest thereon) and (ii) to the Seller Representative, all remaining accrued interest plus the difference of (A) the Working Capital Escrow Amount minus (B) the Downward Adjustment Amount.

(b) Following the determination of the Final Working Capital pursuant to Section 3.5 of the Purchase Agreement, if there is an Upward Adjustment Amount, the Parties shall issue a Joint Instruction to the Escrow Agent to release the Working Capital Escrow Amount (plus all accrued interest thereon) to the Seller Representative. The Escrow Agent will, within two

Business Days of the Escrow Agent's receipt of such Joint Instruction, disburse the Working Capital Escrow Amount (plus all accrued interest thereon) to the Seller Representative.

Section 1.6 Method of Disbursements. Unless otherwise specified in any Joint Instruction, all disbursements made in accordance with this Section 1 shall be made to the Party receiving such disbursement in accordance with the wire transfer instructions set forth on Exhibit B hereto.

Section 1.7 Income Tax Allocation and Reporting.

(a) The Parties agree that, for tax reporting purposes, all interest and other income from investment of the Escrow Amount shall, as of the end of each calendar year and at such other times to the extent be reported as having been earned by the Sellers, whether or not such income was disbursed during such calendar year.

(b) Prior to Closing, the Parties shall provide the Escrow Agent with certified tax identification numbers by furnishing form W-9 and such other forms and documents that the Escrow Agent may request. The Parties understand that if such tax reporting documentation is not provided and certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, to withhold a portion of any interest or other income earned on the investment of the Escrow Amount.

(c) To the extent that the Escrow Agent becomes liable for the payment of any taxes in respect of income derived from the investment of the Escrow Amount, the Seller Representative shall indemnify the Escrow Agent for any such liability. The Seller Representative shall indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the Escrow Amount and the investment thereof unless such tax, late payment, interest, penalty or other expense was directly caused by the gross negligence or willful misconduct of the Escrow Agent. The indemnification provided by this Section 1.7(c) is in addition to the indemnification provided in Section 3.1 and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

Section 1.8 Termination. Upon the disbursement of all of the Escrow Amount, including any interest and investment earnings thereon, this Escrow Agreement shall terminate and be of no further force and effect except that the provisions of Section 1.7(c), Section 3.1 and Section 3.2 hereof shall survive termination.

## ARTICLE 2 DUTIES OF THE ESCROW AGENT

Section 2.1 Scope of Responsibility. Notwithstanding any provision to the contrary, the Escrow Agent is obligated only to perform the duties specifically set forth in this Escrow Agreement, which shall be deemed purely ministerial in nature. Under no circumstances will the Escrow Agent be deemed to be a fiduciary to any Party or any other person under this Escrow Agreement. The Escrow Agent will not be responsible or liable for the failure of any Party to

perform in accordance with this Escrow Agreement. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Escrow Agreement, whether or not an original or a copy of such agreement has been provided to the Escrow Agent; and the Escrow Agent shall have no duty to know or inquire as to the performance or nonperformance of any provision of any such agreement, instrument, or document. References in this Escrow Agreement to any other agreement, instrument, or document are for the convenience of the Parties, and the Escrow Agent has no duties or obligations with respect thereto. This Escrow Agreement sets forth all matters pertinent to the escrow contemplated hereunder, and no additional obligations of the Escrow Agent shall be inferred or implied from the terms of this Escrow Agreement or any other agreement.

**Section 2.2 Attorneys and Agents.** The Escrow Agent shall be entitled to rely on and shall not be liable for any action taken or omitted to be taken by the Escrow Agent in accordance with the advice of counsel or other professionals retained or consulted by the Escrow Agent, except in the case of gross negligence, bad faith or willful misconduct. The Escrow Agent shall be reimbursed as set forth in Section 3.1 for any and all compensation (fees, expenses and other costs) paid and/or reimbursed to such counsel and/or professionals. The Escrow Agent may perform any and all of its duties through its agents, representatives, attorneys, custodians, and/or nominees.

**Section 2.3 Reliance.** Absent gross negligence or willful misconduct, Escrow Agent shall not be liable for any action taken or not taken by it in accordance with the direction or consent of the Parties or their respective successors, or assigns. The Escrow Agent shall not be liable for acting or refraining from acting upon any notice, request, consent, direction, requisition, certificate, order, affidavit, letter, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, without further inquiry into the person's or persons' authority. Concurrent with the execution of this Escrow Agreement, the Parties shall deliver to the Escrow Agent authorized signers' forms in the form of Exhibit C-1 and Exhibit C-2 to this Escrow Agreement.

**Section 2.4 Right Not Duty Undertaken.** The permissive rights of the Escrow Agent to do things enumerated in this Escrow Agreement shall not be construed as duties.

**Section 2.5 No Financial Obligation.** No provision of this Escrow Agreement shall require the Escrow Agent to risk or advance its own funds or otherwise incur any financial liability or potential financial liability in the performance of its duties or the exercise of its rights under this Escrow Agreement.

### ARTICLE 3 PROVISIONS CONCERNING THE ESCROW AGENT

**Section 3.1 Indemnification.** Each of the Purchaser and the Seller Representative, severally and not jointly, shall indemnify, defend and hold harmless the Escrow Agent from and against any and all loss, liability, cost, damage and expense, including, without limitation, reasonable attorneys' fees and expenses or other reasonable professional fees and expenses which the Escrow Agent may suffer or incur by reason of any action, claim or proceeding brought against the Escrow Agent, arising out of this Escrow Agreement, or the performance by the Escrow

Agent of its obligations hereunder, unless such loss, liability, cost, damage or expense shall have been due to the bad faith, willful misconduct or gross negligence of the Escrow Agent; provided, that, as between the Purchaser and the Seller Representative, neither the Purchaser nor the Seller Representative shall be liable for more than 50% of any such indemnification amounts. The provisions of this Section 3.1 shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

Section 3.2 Limitation of Liability. THE ESCROW AGENT SHALL NOT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES OR LOSSES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

Section 3.3 Resignation or Removal. The Escrow Agent may resign by furnishing written notice of its resignation to the Parties, and the Parties may remove the Escrow Agent by furnishing to the Escrow Agent a joint written notice of its removal along with payment of all fees and expenses to which it is entitled through the date of termination. Such resignation or removal, as the case may be, shall be effective sixty (60) days after the delivery of such notice or upon the earlier appointment of a successor, and the Escrow Agent's sole responsibility thereafter shall be to safely keep the Escrow Amount and to deliver the same to a successor escrow agent as shall be appointed by the Parties, as evidenced by a joint written notice filed with the Escrow Agent or in accordance with a court order. If the Parties have failed to appoint a successor escrow agent prior to the expiration of sixty (60) days following the delivery of such notice of resignation or removal, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the Parties.

Section 3.4 Compensation. The Escrow Agent shall be entitled to compensation for its services as stated in the fee schedule attached hereto as Exhibit D, which compensation shall be paid by the Purchaser. The fee agreed upon for the services rendered hereunder is intended as full compensation for the Escrow Agent's services as contemplated by this Escrow Agreement; provided, however, that in the event that the conditions for the disbursement of funds under this Escrow Agreement are not fulfilled, or the Escrow Agent renders any service not contemplated in this Escrow Agreement, or there is any assignment of interest in the subject matter of this Escrow Agreement, or any material modification hereof, or if any material controversy arises hereunder, or the Escrow Agent is made a party to any litigation pertaining to this Escrow Agreement or the subject matter hereof, then the Escrow Agent shall be compensated for such extraordinary services and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event. The Escrow Agent shall have, and is hereby granted, a prior lien upon the Escrow Amount with respect to its unpaid fees, non-reimbursed expenses and unsatisfied indemnification rights, superior to the interests of any other persons or entities and is hereby granted the right to set off and deduct any unpaid fees, non-reimbursed expenses and unsatisfied indemnification rights from the Escrow Amount.

Section 3.5 Disagreements. If any conflict, disagreement or dispute arises between, among, or involving any of the parties hereto concerning the meaning or validity of any provision hereunder or concerning any other matter relating to this Escrow Agreement, or the Escrow Agent is in doubt as to the action to be taken hereunder, the Escrow Agent may, at its option, retain the Escrow Amount until the Escrow Agent (i) receives a final non-appealable order of a court of competent jurisdiction or a final non-appealable binding arbitration decision directing delivery of the Escrow Amount or (ii) receives a written agreement executed by the Purchaser and the Seller Representative directing delivery of the Escrow Amount, in which event the Escrow Agent shall be authorized to disburse the Escrow Amount in accordance with such final court order, arbitration decision, or agreement. The Escrow Agent shall be entitled to act on any such agreement, court order, or arbitration decision without further question, inquiry, or consent.

Section 3.6 Merger or Consolidation. Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Escrow Agent is a party, shall be and become the successor escrow agent under this Escrow Agreement and shall have and succeed to the rights, powers, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or paper or the performance of any further act.

Section 3.7 Attachment of Escrow Amount; Compliance with Legal Orders. In the event that any Escrow Amount shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Escrow Amount, the Escrow Agent is hereby expressly authorized, in its sole discretion, within 3 days of delivering notice to all Parties, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Escrow Agent, following the notice period set forth in the prior sentence, obeys or complies with any such writ, order or decree, it shall not be liable to any of the Parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Section 3.8 Force Majeure. The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Escrow Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; acts of terrorism; civil or military disturbances; sabotage; epidemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

ARTICLE 4  
MISCELLANEOUS

Section 4.1 Successors and Assigns. This Escrow Agreement shall be binding on and inure to the benefit of the Parties and the Escrow Agent and their respective successors and permitted assigns. No other persons shall have any rights under this Escrow Agreement. Except as provided in Section 3.6, no assignment of the interest of any of the Parties shall be binding unless and until written notice of such assignment shall be delivered to the other Party and the Escrow Agent and shall require the prior written consent of the other Party and the Escrow Agent (such consent not to be unreasonably withheld).

Section 4.2 Escheat. The Parties are aware that under applicable state law, property which is presumed abandoned may under certain circumstances escheat to the applicable state. The Escrow Agent shall have no liability to the Parties, their respective heirs, legal representatives, successors and assigns, or any other party, should any or all of the Escrow Amount escheat by operation of law.

Section 4.3 Notices. All notices, requests, demands, and other communications required under this Escrow Agreement shall be in writing, in English, and shall be deemed to have been duly given if delivered (i) personally, (ii) by facsimile transmission with written confirmation of receipt, (iii) by overnight delivery with a reputable national overnight delivery service, or (iv) by mail or by certified mail, return receipt requested, and postage prepaid. If any notice is mailed, it shall be deemed given five business days after the date such notice is deposited in the United States mail. If notice is given to a party, it shall be given at the address for such party set forth below. It shall be the responsibility of the Parties to notify the Escrow Agent and the other Party in writing of any name or address changes. In the case of communications delivered to the Escrow Agent, such communications shall be deemed to have been given on the date received by the Escrow Agent.

If to the Purchaser, to:

Levine Leichtman Capital Partners, Inc.  
335 North Maple Drive, Suite 130  
Beverly Hills, CA 90210  
Attn: Steven Hartman  
Telephone: (310) 275-5335  
Facsimile: (310) 275-1305

With copies (which shall not constitute notice) to:

Schulte Roth & Zabel LLP  
919 Third Avenue  
New York NY 10022  
United States  
Attention: Rick Presutti  
Telephone: (212) 756-2063



Facsimile: (212) 593-5955

If to the Seller Representative, to:

DRI Corporation  
4018 Patriot Dr., Ste 100  
Research Triangle Park, NC 27703  
Attention: Elaine T. Rudisill, CRO  
Telephone: (704) 576-1452  
Facsimile: \_\_\_\_\_

With copies (which shall not constitute notice) to:

Wyrick Robbins Yates & Ponton LLP  
4101 Lake Boone Trail, Suite 300  
Raleigh, NC 27607  
Attention: Larry E. Robbins  
Telephone: (919) 781-4000  
Facsimile: (919) 781-4865

Northern Blue, LLC  
1414 Raleigh Road, Suite 435  
Chapel Hill, NC 27517  
Attn: John Northern  
Telephone: (919) 968-4441  
Facsimile: (919) 942-6603

If to the Escrow Agent:

American Stock Transfer & Trust Company, LLC  
6201 15th Avenue  
Brooklyn, New York 11219  
Attn: Corporate Actions  
Telephone: (718) 921-8200  
Facsimile: \_\_\_\_\_

with copy (which shall not constitute notice) to:

American Stock Transfer & Trust Company, LLC  
6201 15th Avenue  
Brooklyn, New York 11219  
Attn: General Counsel  
Telephone: (718) 921.8200  
Facsimile: \_\_\_\_\_

Section 4.4 Governing Law; Jurisdiction; Service of Process.

(a) To the extent not governed by Chapter 11, title 11, United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code"), this Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without giving effect to rules governing the conflict of laws.

(b) The Parties and the Escrow Agent agree that the United States Bankruptcy Court for the Middle or Eastern District of North Carolina (the "Bankruptcy Court") shall retain exclusive jurisdiction to resolve any controversy or claim arising out of or relating to this Agreement or the implementation or the breach hereof. If all such courts lack federal subject matter jurisdiction, the parties agree that the courts of the State of North Carolina shall have sole and exclusive jurisdiction. Any of these courts shall be proper venue for any such lawsuit or judicial proceeding and the parties hereto waive any objection to such venue. The parties hereto consent to and agree to submit to the jurisdiction of any of the courts specified herein and agree to accept service of process to vest personal jurisdiction over them in any of these courts.

Section 4.5 Entire Agreement. This Escrow Agreement sets forth the entire agreement and understanding of the parties related to the Escrow Amount.

Section 4.6 Amendment. This Escrow Agreement may be amended, modified, superseded, rescinded, or canceled only by a written instrument executed by the Parties and the Escrow Agent.

Section 4.7 Waivers. The failure of any party to this Escrow Agreement at any time or times to require performance of any provision under this Escrow Agreement shall in no manner affect the right at a later time to enforce the same performance. A waiver by any party to this Escrow Agreement of any such condition or breach of any term, covenant, representation, or warranty contained in this Escrow Agreement, in any one or more instances, shall neither be construed as a further or continuing waiver of any such condition or breach nor a waiver of any other condition or breach of any other term, covenant, representation, or warranty contained in this Escrow Agreement.

Section 4.8 Headings. Section headings of this Escrow Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions of this Escrow Agreement.

Section 4.9 No Jury Trial. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY OR CLAIM WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THIS WAIVER MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 4.9 AND EXECUTED BY EACH OF THE PARTIES HERETO). THIS WAIVER SHALL APPLY TO

ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT OR ANY OTHER AGREEMENTS OR DOCUMENTS RELATING TO THE CONTEMPLATED TRANSACTIONS. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of the transactions contemplated by this Agreement, including contract claims, tort claims, breach of duty claims and all other common law and statutory claims. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (III) IT MAKES SUCH WAIVERS VOLUNTARILY, AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 4.9.

Section 4.10 Counterparts. This Escrow Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

[The remainder of this page left intentionally blank.]

IN WITNESS WHEREOF, this Escrow Agreement has been duly executed as of the date first written above.

DRI HOLDING VEHICLE LLC, a  
Delaware corporation

By: \_\_\_\_\_  
Name: Steven Hartman  
Title: President

[DRI CORPORATION]

By: \_\_\_\_\_

Name:

Title:

AMERICAN STOCK TRANSFER &  
TRUST COMPANY, LLC, as Escrow  
Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT A

Wells Fargo Advantage Government Money Market Fund (#743)

EXHIBIT B

**WIRE INSTRUCTIONS**

Escrow Agent

**AMERICAN STOCK TRANSFER & TRUST COMPANY**

Bank	JP Morgan Chase
Address	New York, New York
ABA No.	021000021
For Credit to the Account of	AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
Account No.	530-354624
Reference	DRI Escrow

Purchaser

**LEVINE LEICHTMAN CAPITAL PARTNERS IV, L.P.**

Bank	Citibank N.A.
Address	Los Angeles, California
ABA No.	322 271 724
For Credit to the Account of	Levine Leichtman Capital Partners IV, L.P.
Account No.	202635082
SWIFT Number	
Reference	

Seller Representative

**[REDACTED]**

Bank	
Address	
ABA No.	
For Credit to the Account of	
Account No.	
Reference	



EXHIBIT C-1

**Certificate as to Authorized Signatures**

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of DRI Holding Vehicle LLC and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit C-1 is attached, on behalf of DRI Holding Vehicle LLC.

Name / Title	<u>Specimen Signature</u>
<u>Steven Hartman</u> Name <u>Authorized Person</u> Title	_____ Signature
<u>Stephen Hogan</u> Name <u>Authorized Person</u> Title	_____ Signature
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	

EXHIBIT C-2

**Certificate as to Authorized Signatures**

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of the Seller Representative and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit C-2 is attached, on behalf of the Seller Representative.

Name / Title	<u>Specimen Signature</u>
[•] Name	----- Signature
[•] Title	
----- Name	----- Signature
----- Title	
----- Name	----- Signature
----- Title	
----- Name	----- Signature
----- Title	

EXHIBIT D

**FEES OF ESCROW AGENT**

Acceptance Fee:	\$3,500
Annual Escrow Fee (including first year):	Waived
Transactional Costs:	Waived
<b>TOTAL</b>	<b>\$3,500</b>

The Acceptance Fee and the Annual Escrow Fee for each year of the term of this Agreement are payable upon execution of this Agreement. In the event the escrow is not funded, the Acceptance Fee and all related expenses, including attorneys' fees, costs and expenses, remain due and payable, and if paid, will not be refunded. Annual fees cover a full year in advance, or any part thereof, and thus are not pro-rated in the year of termination.

The fees quoted in this schedule apply to services ordinarily rendered in the administration of an escrow account and are subject to reasonable adjustment based on final review of documents, or when Escrow Agent is called upon to undertake unusual or extraordinary duties or responsibilities, or as changes in law, procedures, or the cost of doing business demand. Services in addition to and not contemplated in this Agreement, including document amendments and revisions, non-standard cash and/or investment transactions, calculations, notices and reports, and legal fees, will be billed as expenses.

Unless otherwise indicated, the above fees relate to the establishment of one escrow account. Additional sub-accounts governed by this Agreement may incur an additional charge. Transaction costs include charges for wire transfers, checks, internal transfers and securities transactions.

The fees quoted in this schedule are subject to reasonable adjustment by Escrow Agent in accordance with its customary practices and if it is called upon to undertake further unusual or extraordinary duties or responsibilities, or as changes in law, procedures, or the cost of doing business demand.

**Exhibit B**

**Amendment No. 1 to Asset Purchase Agreement**

**AMENDMENT NO. 1 TO ASSET PURCHASE AGREEMENT**

This Amendment No. 1 to the Asset Purchase Agreement (this "Amendment"), dated as of June 25, 2012, is made by and among DRI Holding Vehicle LLC, a Delaware limited liability company (such entity, the "Purchaser") and DRI Corporation, Digital Recorders, Inc., TwinVision of North America, Inc. and Robinson Turney International, Inc. (each a "Seller" and collectively the "Selling Entities").

**WITNESSETH:**

WHEREAS, Purchaser and the Selling Entities have entered into that certain Asset Purchase Agreement, dated as of April 1, 2012 (the "Agreement");

WHEREAS, Purchaser and the Selling Entities desire to amend the Agreement to address certain matters that have arisen since the date of execution of the Agreement and to make the other changes set forth herein, all as more fully set forth herein;

WHEREAS, Section 12.13 of the Agreement states that the Schedules are a constituent part of the Agreement and incorporated by reference therein; and

WHEREAS, Section 12.9 of the Agreement authorizes the amendment of the Agreement by a written instrument signed by or on behalf of Purchaser and the Selling Entities;

NOW, THEREFORE, in consideration of and premised upon the representations, warranties, covenants and other agreements of the parties contained in this Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. Defined Terms. Except to the extent it is specifically indicated to the contrary in this Amendment, all capitalized terms used herein which are defined in the Agreement and not otherwise defined herein shall have the meanings assigned to them in the Agreement.

II. Amendment to Cover Page of the Agreement. The words "DIGITAL RECORDS, INC." on the cover page of the Agreement are hereby deleted and replaced with the words "DIGITAL RECORDERS, INC."

III. Amendment to Section 1.1 of the Agreement. The definition of "Net Foreign Indebtedness" set forth in Section 1.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

*"Net Foreign Indebtedness" means, as of the Closing Date, a sum equal to (i) the aggregate amount of Indebtedness of the Foreign Entities minus (ii) the aggregate amount of Cash and Cash Equivalents held by the Foreign Entities.*"

IV. Amendments to Schedule 2.1(e) of the Agreement and Related Amendments.

A. Schedule 2.1(e) of the Agreement is hereby deleted in its entirety and replaced with the schedule attached as Annex A to this Amendment.

B. The definition of "Assumed Contracts" in Section 1.1 of the Agreement is hereby amended to delete the proviso, "provided, however, that from and after the date hereof until the Closing Date, Purchaser may, in its sole discretion, remove a Contract from Schedule 2.1(e) in accordance with Section 8.2(b) such that it is no longer an Assumed Contract, by providing written notice of such designation or removal to the Selling Entities, in which case Schedule 2.1(e) shall be deemed to be amended to remove such Contract as an Assumed Contract" and replace such proviso in its entirety with the following:

"provided, however, that upon removal of a Contract from Schedule 2.1(e) by Purchaser in accordance with Section 8.2(d), such removed Contract shall no longer be an Assumed Contract and Schedule 2.1(e) shall be deemed to be amended to remove such Contract as an Assumed Contract".

C. Section 1.1 of the Agreement is hereby amended to insert the following new definition of "Property Reserve Lease" after the definition of "Prepetition Lenders" and before the definition of "Proceeding":

*"Property Reserve Lease"* means the Lease Agreement, dated December 18, 1998, entered into by Digital Recorders, Inc. and Property Reserve, Inc. (f/k/a Prudential Savings Bank, F.S.B.), as amended pursuant to the First Lease Amendment dated December 11, 2002, the Second Lease Amendment dated June 18, 2003, the Third Lease Amendment dated August 21, 2003, the Fourth Lease Amendment dated September 8, 2003, the Fifth Lease Amendment dated September 10, 2004, the Sixth Lease Amendment dated May 2, 2005, the Seventh Lease Amendment dated January 1, 2006, and the Eighth Lease Amendment dated September 30, 2010 and any other amendments that may be entered into with prior written consent of Purchaser."

D. Section 8.2(b) of the Agreement is hereby amended (A) to add "(i)" before the first sentence, such that existing Section 8.2(b) is now subparagraph 8.2(b)(i) and (B) add the following new subparagraph (ii) to immediately follow new subparagraph (i):

"(ii) Except with respect to the Property Reserve Lease and the Contracts set forth on Schedule 8.2(b) (collectively, the "Extended Contracts"), from the date hereof until the Closing Date, Purchaser may, in its sole discretion, remove a Contract from Schedule 2.1(e), such that such removed Contract shall no longer be an Assumed Contract, by providing written notice of such removal to the Selling Entities. With respect to the Extended Contracts, Purchaser shall have the right, exercisable in its sole discretion, to remove any Extended Contract from Schedule 2.1(e) by providing written notice of such removal to the Selling Entities at any time

until October 12, 2012, such that such Extended Contract, once so removed shall no longer be an Assumed Contract; provided, however, that notice of removal shall only be effective as of the expiration of any 30 day extension period or if notice is given on October 12, 2012, the removal shall be effective as of October 22, 2012. If no notice with respect to any Extended Contract has been received by the Selling Entities by October 12, 2012, any such Extended Contract shall no longer be an Assumed Contract and shall be removed from Schedule 2.1(e) effective as of October 22, 2012. Purchaser shall pay the Selling Entities (1) any and all amounts accruing under the Property Reserve Lease, including but not limited to Base Rent (as defined in the Property Reserve Lease) and its Pro Rata Share (as defined in the Property Reserve Lease) of "operating expenses" (as such term is used in the Property Reserve Lease), as such amounts are mutually determined in good faith by Purchaser and the Selling Entities, (such costs, the "Property Reserve Lease Costs"), from Closing up until such time, if any, that Purchaser removes the Property Reserve Lease from Schedule 2.1(e) in accordance with this Section 8.2(b) and the Property Reserve Lease is no longer deemed an Assumed Contract, and (2) any and all amounts due, including but not limited to, all periodic payments, and all actual out-of-pocket costs and expenses, to the extent expressly contemplated by and recoverable under any Extended Contract other than the Property Reserve Lease, accruing on account of the Selling Entities continued performance under such Extended Contract, as such amounts are mutually determined in good faith by Purchaser and the Selling Entities (such costs, the "Schedule 8.2(b) Contract Costs", and together with the Property Reserve Lease Costs the "Extended Contracts Costs"), from Closing up until such time, if any, that Purchaser removes such Contracts from Schedule 2.1(e) in accordance with this Section 8.2(b), and such Contract is no longer deemed an Assumed Contract. In the event that Purchaser and the Selling Entities are unable to reach a mutual agreement as to the Property Reserve Lease Costs or any Schedule 8.2(b) Contract Costs, the Contract for which agreement is not mutually agreeable may be removed by the Selling Entities from Schedule 2.1(e) and such Contract shall no longer be an Assumed Contract. The Selling Parties may remove such Contract, upon five Business Days advance notice to Purchaser during which period the parties will negotiate in good faith the Property Reserve Lease Costs or Schedule 8.2(b) Contract Costs, as applicable, at any time that the Selling Entities determine in good faith that a mutual agreement is not achievable."

E. The Disclosure Schedules are hereby amended by inserting the schedule attached as Annex B to this Amendment as a new Schedule 8.2(b) to the Agreement.

F. Section 8.2(d) of the Agreement is hereby amended to delete the first sentence and replace such sentence in its entirety with the following:

"Notwithstanding anything herein to the contrary, Selling Entities will not modify, amend, terminate or reject, or take any action to cause or permit the modification, amendment, termination, expiration, rejection, repudiation or disclaimer (or fail to take any action where such failure would result in any such modification, amendment, termination, expiration, rejection, repudiation or disclaimer by operation of law or otherwise), any Contract set forth on Schedule 2.1(e) (including without limitation the Property Reserve Lease) without the prior written consent of Purchaser; provided, however, these restrictions shall not apply to the extent that Purchaser has failed to (i) make any payment at the times required under this Agreement with respect to any Extended Contracts Costs or Leased Employees Costs, (ii) reach mutual agreement with the Selling Entities with respect to Extended Contracts Costs or Leased Employees Costs, or (iii) provide the Selling Entities with any notice at the times required under this Agreement with respect to the extension of the term of any Extended Contract or Employee Lease, and the Selling Entities have provided Purchaser with five Business Days advance notice to Purchaser during which period the parties will negotiate in good faith any of the applicable foregoing items."

G. Section 8.2(d) of the Agreement is hereby amended to delete the last sentence and replace such sentence in its entirety with the following:

"Selling Entities shall cause to be filed in the Bankruptcy Case, and shall diligently prosecute, such motions or other pleadings as may be appropriate, necessary or requested by Purchaser, to preserve Selling Entities' rights or ability to assume and assign any of the Contracts listed on Schedule 2.1(e) (including, without limitation, a motion under section 365(d)(4) of the Bankruptcy Code extending the time to assume or reject unexpired leases of nonresidential real property to October 22, 2012, (the "365(d)(4) Deadline"), and any motions or pleadings with respect to any Assumed Contract in respect of which the amount of the Cure Payment has been disputed by the relevant counterparty)."

H. Section 8.2 of the Agreement is hereby amended to add in a new clause (e) immediately following clause (d) and inserting the following:

"(e) The Purchaser agrees that, with respect to the Extended Contracts, it shall, on the Closing Date and for each 30 day period thereafter until the earlier of (x) October 22, 2012 and (y) all Extended Contracts have been removed from Schedule 2.1(e) in accordance with Section 8.2(b), pay to the Selling Entities an amount (as determined in good faith by the Purchaser and the Selling Entities) necessary for the Selling Entities to pay the estimated Extended Contract Costs for the Extended Contracts not



yet removed from Schedule 2.1(e) as of the start of the 30-day period following such date that will accrue during such 30-day period (each such payment, an "Extended Contract Cost Advance"). In the event that any such Extended Contract Cost Advance exceeds the actual amount required by the Selling Entities to pay the Extended Contract Costs for any such 30-day period, at the Purchaser's sole discretion, such excess, or any portion thereof determined by the Purchaser in its sole discretion, shall be (i) remitted by the Selling Entities to the Purchaser as soon as practicable and/or (ii) credited against the Extended Contract Costs of the following 30-day period. In the event that any such Extended Contract Costs required to be paid by the Selling Entities for any such 30-day period in accordance with the terms of this Agreement exceeds the Extended Contract Cost Advance for any such 30-day period, at the Selling Entities' sole discretion, such excess, or any portion thereof determined by the Selling Entities in their sole discretion, shall be (i) remitted by Purchaser to the Selling Entities as soon as practicable and/or (ii) added to the Extended Contract Costs of the following 30-day period. The Selling Entities shall, upon request by the Purchaser, provide Purchaser with all information (including any books, records and bank statements of any Selling Entity) related to the Extended Contract Costs with respect to any particular 30-day period, and the payment thereof by the Selling Entities. Purchaser shall provide notice of any such extension not less than 7 days prior to the expiration of any such 30 day period and shall fund the Extended Contract Costs simultaneously with delivery of such notice. Purchaser shall not be permitted to effect the termination of any Extended Contract prior to the expiration of any such 30 day period."

I. Section 8.2 of the Agreement is hereby amended to add in a new clause (f) immediately following clause (e) and inserting the following:

"(f) In the event a Selling Entity is party to any Contract, a copy of which was not delivered to the Purchaser prior to the date hereof, Purchaser shall, no later than 30 days after becoming aware of such Contract, have the option, exercisable at its sole discretion on or before October 12, 2012, upon written notice to the Selling Entities and subject to the approval of the Bankruptcy Court, to designate such Contract an Assumed Contract. The Selling Entities will promptly, and in no event later than five Business Days after receiving such written notice, cause to be filed in the Bankruptcy Court, and shall diligently prosecute, such motions or other pleadings as may be appropriate, necessary or requested by Purchaser, to obtain Bankruptcy Court approval of such assumption and assignment of such Contract. Upon such approval

of the Bankruptcy Court, such Contract shall be considered an "Assumed Contract" for the purposes of this Agreement. Notwithstanding anything in Section 2.3 of this Agreement, the Selling Entities shall be responsible for the payment of all Determined Cure Payments associated with such Contracts."

V. Amendment to Section 2.3(a)(ii) of the Agreement. Section 2.3(a)(ii) of the Agreement is hereby amended by deleting the words "Employee Benefit Plan" and replacing them with the words "Company Plan".

VI. Amendments to Section 3.1 of the Agreement.

A. The number "\$22,100,000" in Section 3.1(a)(i) of the Agreement is hereby deleted in its entirety and replaced with the number "\$25,300,000".

B. Section 3.1(a)(vi) is hereby deleted in its entirety and replaced by the following:

"the aggregate amounts owed by the Selling Entities pursuant to any trade accounts payable (whether or not invoiced) of the Selling Entities incurred in the Ordinary Course of Business between the Petition Date and the Closing Date and no more than 10 days past due, *minus*"

C. The last sentence of Section 3.1(c)(ii) is hereby amended by deleting the words "Asserted Cure Costs Amount" and replacing them the words "Asserted Cure Payment Amount".

D. Section 3.1 is hereby amended by adding 3.1(d)

"(d) Simultaneously with Closing, Purchaser shall deposit in escrow with the Selling Entities, Fifty Thousand (\$50,000) Dollars as security for the full and faithful performance of Purchaser with respect to its obligations to fund the Extended Contracts, Employee Leases and related indemnification obligations as set forth in this Agreement. To the extent that such funds are not expended in satisfaction of such obligations on December 31, 2012, and at such time there are no unliquidated and no disputed claims by the Selling Entities, the funds remaining in escrow, if any, shall be returned to Purchaser."

VII. Amendments to Section 3.5 and Section 3.4 of the Agreement.

A. Section 3.5(d) of the Agreement is hereby amended and supplemented by deleting the word "or" at the end of clause (iv), deleting the current clause (v) in its entirety and inserting the following:

"(v) If a Working Capital Overage existed as of Closing, Estimated Working Capital is greater than Final Working Capital, and both Estimated Working Capital and Final Working Capital are greater than \$13,300,000, then an amount equal to Estimated Working Capital minus Final Working Capital; or

(vi) If a Working Capital Underage existed as of Closing, and Final Working Capital is less than Estimated Working Capital, then an amount equal to Estimated Working Capital minus Final Working Capital."

B. Section 3.5(e) of the Agreement is hereby amended and supplemented by deleting the word "or" at the end of clause (iv), deleting the current clause (v) in its entirety and inserting the following:

"(v) If a Working Capital Underage existed as of Closing, Final Working Capital is greater than Estimated Working Capital, and both Estimated Working Capital and Final Working Capital are less than \$12,400,000, then an amount equal to Final Working Capital minus Estimated Working Capital; or

(vi) If a Working Capital Overage existed as of Closing, and Final Working Capital exceeds Estimated Working Capital, then an amount equal to Final Working Capital minus Estimated Working Capital."

C. Section 3.4(a) of the Agreement is hereby supplemented by adding the following sentence to the end of existing Section 3.4(a):

"For purposes of determining the Working Capital Estimate delivered prior to the Closing Date, the Selling Entities may estimate such amount based upon their June 30, 2012 financial statements."

VIII. Amendment to Section 7.9 of the Agreement. Section 7.9(a) of the Agreement is hereby amended by deleting the words "Company Part" and replacing them with the words "Company Party".

IX. Amendments to Article 8 of the Agreement.

A. Section 8.12 of the Agreement is hereby deleted in its entirety and replaced with the following:

"8.12 Employees.

(a) Staffing. From and after the Closing, and until the Lease End Date (as defined below) (the "Leased Employees Term"), the Selling Entities agree to reasonable efforts to provide, or cause to be provided, to Purchaser and its designees or assignees the services of

the employees of the Selling Entities designated by the Purchaser prior to Closing and who voluntarily agree to continue as an employee of the Selling Entities (such employees, the "Leased Employees") in connection with the operation of the Company Parties immediately prior to the Closing (all such services referred to as "Service", and, collectively, all services provided hereunder being the "Transition Services"); provided, however, that any Leased Employee that is duly discharged by the Selling Entities pursuant to this Section 8.12 or that is identified by Purchaser in any Termination Notice (as hereinafter defined) delivered pursuant to Section 8.12(i) below shall cease to be considered a "Leased Employee" for all purposes of this Agreement as of the Effective Termination Date (as hereinafter defined) specified in such Termination Notice. During the Leased Employees Term, each Leased Employee shall remain a common law employee of the Selling Entities, but the Selling Entities shall not discharge any such Leased Employee during the Leased Employees Term other than as reasonably determined by the Selling Entities or with the written consent of, or at the written discretion of, Purchaser. During the Leased Employees Term, the Leased Employees shall, to the extent legally permitted and subject to the approval of the Bankruptcy Court, remain participants in all of applicable Company Plans, as may be amended from time to time. The Selling Entities make no warranty nor representation regarding the amount of time that any Leased Employee will be willing to continue Service, and each Leased Employee shall be entitled to terminate his or her employment at any time for any reason or no reason.

(b) Leased Employees Term. The Leased Employees Term shall continue with respect to each Leased Employee from and after the Closing until the earlier of (i) October 22, 2012, (ii) the time at which there are no longer any Leased Employees (all employees having ended their status as Leased Employees in accordance with the terms of this Section 8.12) and (iii) the Purchaser provides written notice to the Selling Entities terminating the Leased Employees Term with respect to such Leased Employee, such notice to be provided no later than 7 days prior the final day of the then-current Lease Cycle, and the termination with respect to such Leased Employee to be effective at 11:59 PM on the last day of such Lease Cycle (the "Lease End Date"). Immediately following the Lease End Date, all obligations of Purchaser to the Selling Entities and with respect to such Leased Employee under this Section 8.12 shall terminate. For the purposes of this Agreement, a "Lease Cycle" shall mean both the period starting on the Closing and ending 30 days after the Closing, and each subsequent 14-day period thereafter.

(c) Transferring Employees. At any point during the Leased Employees Term, Purchaser may offer employment to any Leased Employee selected by the Purchaser at such salaries, compensation levels and terms and conditions as Purchaser may determine. Those employees to whom offers of employment are made and who commence employment with the Purchaser shall be collectively referred to as the "Transferred Employees". The Selling Entities shall promptly take such actions as are reasonably requested by Purchaser in order to terminate any agreement between a Selling Entity and any of the Transferred Employees (including, without limitation, any provisions thereof implying survivability) so long as any such actions are either without cost to the Selling Entities or paid for by Purchaser. Upon the date any Transferred Employee commences employment with the Purchaser, such Transferred Employee shall cease to be considered a "Leased Employee" for all purposes under this Agreement.

(d) Withholding and Deduction. Consistent with their past practices, and so long as Purchaser funds in advance each applicable Lease Cycle Advance (as defined below), the Selling Entities shall be responsible for (a) the payment or deduction from the compensation and benefits of the Leased Employees, as the case may be, and remittance to the appropriate governmental entities, of such sums as may be required to be paid by an employer or deducted or withheld from the Leased Employees' compensation and benefits and (b) the compliance with employee-related reporting, filing and disclosure obligations.

(e) Purchaser Obligation to Fund. In consideration of the Selling Entities providing the Transition Services, Purchaser shall be obligated to fund in advance all amounts payable by the Selling Entities for all accrued (after the Closing) and/or actual out-of-pocket costs and expenses of employing the Leased Employees during the Leased Employees Term, including, but not limited to, the Leased Employees' compensation, employment taxes (including, but not limited to, social security, unemployment, income tax and the Selling Entities' portion of any such taxes), employee benefits, workers compensation, and approved travel and business expense costs as well as any benefits, statutory or otherwise, earned, incurred or accrued by the Leased Employees in accordance with the Company Plans, including the Selling Entities portion of any such benefits; provided, however, that, it is the intent of Purchaser and the Selling Entities that the Selling Entities shall incur no cost or expense or accrual that is not reimbursed by Purchaser in connection with making any Leased Employee available to Purchaser. Purchaser shall only pay for the Selling Entities' actual and/or accrued direct cost of providing the Leased Employees and not any administration of the Selling Entities' estates after the Closing (such costs, the "Leased Employees Costs"). The Selling Entities shall, upon request by the Purchaser, provide Purchaser with all information (including any books, records and bank statements of any Selling Entity) necessary to review the determination of Leased Employee Costs with respect to any particular Lease Cycle, and the payment thereof by the Selling Entities.

(f) Advancement of Costs. The Purchaser agrees that, with respect to each Lease Cycle, no later than seven days before such Lease Cycle begins, it shall pay to the Selling Entities an amount (as mutually determined in good faith by the Purchaser and the Selling Entities) necessary for the Selling Entities to pay the estimated Leased Employee Costs for the Leased Employees to be covered by such Lease Cycle (each such payment, a "Lease Cycle Advance"). In the event that any such Lease Cycle Advance exceeds the actual amount required by the Selling Entities to pay the Leased Employees Costs for a particular Lease Cycle, at the Purchaser's sole discretion, such excess, or any portion thereof determined by the Purchaser in its sole discretion, shall be (i) remitted by the Selling Entities to the Purchaser as soon as practicable and/or (ii) credited against the estimated Leased Employee Costs of the following Lease Cycle. In the event that the actual amount required by the Selling Entities to pay the Leased Employees Costs exceeds the Lease Cycle Advance for a particular Lease Cycle, at the Selling Entities' sole discretion, such excess, or any portion thereof determined by the Selling Entities in their sole discretion, shall be (i) paid to the Selling Entities by the Purchaser as soon as practicable and/or (ii) added to the estimated Lease Employee Costs of the following Lease Cycle. In the event that Purchaser and the Selling Entities are unable to agree upon the amount of any Lease Cycle Advance on or before the day that is (i) prior to Closing, with respect to the first Lease Cycle, or, thereafter (ii) seven (7) days prior to the expiration of any Lease Cycle, the Selling Entities shall be entitled to terminate the employment of all Leased Employees as of (x) Closing or (y) the last day of the current Lease Cycle, as applicable.

(g) Retention Bonuses. Purchasers shall have right at any time during the Leased Employees Term to instruct the Selling Entities to pay a Leased Employee a retention bonus in an amount designated by the Purchaser. The amount of any such bonus shall be included in the Leased Employee Costs of the Lease Cycle in which it is paid, with such funds to be paid by the Purchaser to the Selling Entities in the applicable Lease Cycle Advance. The Selling Entity shall be required to comply with Section 8.12(d) with respect to such bonuses. The Selling Entities make no warranty or representation regarding their ability to retain any Leased Employee.

(h) Relationship Among the Sellers, Purchaser and the Leased Employees. On or prior to the Closing Date, the Selling Entities shall inform the Leased Employees that their job duties shall consist of performing the Transition Services as reasonably directed by Purchaser. During the Leased Employees Term, Purchaser shall have the sole right to direct and control the performance of the Transition Services, and the Leased Employees shall be assigned such positions, titles, roles and functions as determined by Purchaser in its discretion. During the Leased Employees Term, the Leased Employees shall remain full-time employees exclusively of the Selling Entities on loan to Purchaser, and nothing herein shall be construed as creating a relationship of employer and employee between Purchaser and any Leased Employee during the Leased Employees Term. This Agreement is not intended to create and shall not be construed as creating between the Selling Entities and its employees (which, for the avoidance of doubt, includes the Leased Employees) and personnel, on the one hand, and Purchaser, and its employees and personnel, on the other hand, any relationship other than as independent contractor and purchaser of contract services, it being specifically acknowledged that there is no relationship between the Parties or their respective employees and personnel of affiliate, employer-employee, principal and agent, joint venture, partnership, or similar relationship. For the avoidance of doubt, the Leased Employees shall not be considered employees of Purchaser. Neither Party will be bound by any representation, act or omission of the other Party. Neither Party has any right, power or authority to create any obligation, express or implied on behalf of the other Party. During the Leased Employees Term, Purchaser shall be responsible for the acts and omissions of the Leased Employees.

(i) Termination of Leased Employees. Purchaser may terminate this Agreement with respect to any Leased Employee by delivery to the Selling Entities of a written notice (a "Termination Notice") identifying the Leased Employee for whom this Agreement shall be terminated. Upon receipt of a Termination Notice, the Selling Entities shall take such actions as are required to terminate the Leased Employee identified in such Termination Notice effective as of the final day of the current Lease Cycle (such date being the "Effective Termination Date"). On the Effective Termination Date, such Leased Employee shall cease to be considered a "Leased Employee" for all purposes under this Agreement. Purchaser shall not be obligated to pay or reimburse the Selling Entities for the costs of any severance or similar payments except as expressly provided in this Agreement.

(j) Standard of Performance. The Transition Services are being provided hereunder on an "as is" basis with no warranty. Purchaser shall be responsible for the conduct, acts and omissions of each Leased Employee. The Selling Entities will use reasonable efforts to obtain any third party licenses, consents, waivers or other rights necessary for the provision of the Transition Services, in accordance with this Agreement so long as there is no cost or obligation related thereto; provided, however, that Purchaser may advance the costs of obtaining

any such licenses, consents, waivers or other rights and any such amounts due that are affirmatively assumed by Purchaser shall be paid for in advance and included in the amounts transferred to the Selling Entities in each Lease Cycle Advance; and provided, further, the Selling Entities make no warranty or representation that they will be able to obtain any such licenses, consents, waivers or other rights."

B. Section 8.12 of the Agreement is hereby amended (A) to add "(a)" before the first sentence, such that existing Section 8.12 is new Section 8.12(a) and (B) add the following new paragraph (b) to immediately follow new paragraph (a):

"(b) For all times after the Closing, and with respect to any Purchaser acts or omissions occurring after the Closing Date, Purchaser shall be responsible for, and shall indemnify the Selling Entities from and against, any and all losses, costs, expenses, fees (including reasonable attorneys fees), damages, claims, actions, suits, liabilities or other obligations incurred by the Selling Entities that are related to or arise out of actions taken or omitted to be taken by Purchaser, its assigns or any affiliate of the Purchaser, or any actions taken or omitted to be taken by the Leased Employees, or any services provided by the Leased Employees, in connection with or related to any Extended Contract or Leased Employee agreement, in each case after the Closing, including but not limited to (i) damages to real property or personal property or to individuals related to or subject to any Extended Contract or the Leased Employees, or (ii) damages under the provisions of any Extended Contract that would otherwise obligate the Selling Entities to indemnify, reimburse or compensate any counterparty to an Extended Contract, in any manner, for any Selling Entity act or omission, under such Extended Contract. A primary purpose of this Section 8.12(b) is to confirm the intent of the parties that (i) making the opportunity available to Purchaser with respect to the Extended Contracts and Leased Employees is at the sole and absolute risk of Purchaser; (ii) any liabilities, costs, claims, expenses, fees, obligations related to the Extended Contracts, Leased Employees, or any matters, acts or omissions related thereto, shall be funded by, and shall be the obligation of Purchaser; and (iii) the Selling Entities shall have no liability or responsibility with respect to any Extended Contract or Leased Employee except as specifically set forth under this Agreement. The Provisions of this Section 8.12(b) shall survive the Closing Date without limitation."

C. Article 8 of the Agreement is hereby amended by adding the following as Section 8.18, immediately following Section 8.17:

"8.18 Accounts Receivable. The Selling Entities shall remit all receivables collected after the Closing to a bank account designated by Purchaser prior to Closing by 5:00 ET on Friday of each week. The Selling Entities shall, upon request by the Purchaser, provide Purchaser with information (including copies of any applicable books, records and bank statements of any Selling Entity) necessary for the Purchaser review to determine the amount of receivables collected by the Selling Entities after the Closing."

X. Amendment to Section 9.7 of the Agreement. Section 9.7 of the Agreement is hereby deleted in its entirety and replaced with the following:

"9.7 No Material Adverse Effect. Between the date of this Agreement and the Closing, there shall have been no Material Adverse Effect (or event that would reasonably be expected to result in a Material Adverse Effect); provided, the term "Material Adverse Effect" as used in this section (and solely this section) shall not include the departure of any employee of a Company Party as a result of Clever Devices' or Volaris Group, Inc.'s conduct of due diligence in connection with a potential collaboration between Purchaser and its Affiliates on the one hand and Clever Devices or Volaris Group, Inc., on the other hand, with respect to DRI Corporation's Digital Recorder business."

XI. No Other Amendments. Except to the extent expressly amended by this Amendment, all terms of the Agreement shall remain in full force and effect without amendment, change or modification.

XII. Governing Law. To the extent not governed by the Bankruptcy Code, this Amendment shall be governed by and construed in accordance with the laws of the State of North Carolina, without giving effect to rules governing the conflict of laws.

XIII. Jurisdiction. The parties agree that the Bankruptcy Court shall retain exclusive jurisdiction to resolve any controversy or claim arising out of or relating to this Amendment or the implementation or the breach hereof.

XIV. Binding Nature; Assignment. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Amendment nor any of the rights, interest or obligations hereunder shall be assigned by any of the parties hereto without prior written consent of the other parties; provided, however, that Purchaser may collaterally assign or grant a security interest in its rights and interests hereunder to a third party, including but not limited to lenders, noteholders, or agents or trustees on their behalf, in connection with any financing of the Purchase Price so long as such action is not effective except in connection with the Closing of the Purchased Assets. Nothing contained herein, express or implied, is intended to confer on any Person, other than the parties hereto or their successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement; provided, further, however that Purchaser may assign this Amendment, any of its rights or interests hereunder to any Purchaser Affiliate or other designee,



provided that such assignment shall not relieve Purchaser of any of its financial obligations hereunder. .

XV.No Third Party Beneficiaries. This Amendment is a contract solely between Purchaser and the Selling Entities. No third party beneficiaries, (including, without limitation, employees and customers of the Selling Entities), other than the Purchaser's and Selling Entities respective successors and permitted assigns, are intended hereunder and none shall be inferred herein; and no party other than Purchaser or the Selling Entities (or their respective successors or permitted assigns) may assert any right, make any claim or otherwise attempt to enforce any provision of or under this Amendment.

XVI.Entire Agreement; Conflicts. This Amendment contains the entire understanding of the parties hereto with regard to the subject matter contained herein or therein, and supersedes all prior agreements, understandings or intents between or among any of the parties hereto with respect to such subject matter. In the event of an inconsistency or conflict between this Amendment and the Agreement, the Agreement shall control.

XVII.Headings. The headings of the sections of this Amendment have been inserted for convenience of reference only and shall in no way define, limit, restrict, modify or extend any term or provision hereof.

XVIII.Amendments; Waiver. This Amendment may not be amended, changed, modified, altered or terminated unless the Selling Entities and Purchaser agree in writing to such amendment, change, modification, alternation or termination.

XIX.Severability. If any provision of this Amendment shall be held invalid, illegal or unenforceable, in whole or in part, the validity, legality, and enforceability of the remaining part of such provision, and the validity, legality and enforceability of all other provisions hereof or thereof, shall not be affected thereby.

XX.Execution in Counterparts. This Amendment may be executed in one or more counterparts (whether manually signed or by facsimile), each such counterpart shall be deemed an original, and all such counterparts shall constitute one and the same agreement.

XXI.Fulfillment of Obligations. Any obligation of any party to any other party under this Amendment, which obligation is performed, satisfied or fulfilled completely by an Affiliate of such party, shall be deemed to have been performed, satisfied or fulfilled by such party.

XXII.Waiver of Right to Trial by Jury. Each party to this Amendment waives any right to trial by jury in any action, matter or proceeding regarding this Amendment or any provision hereof. EACH PARTY TO THIS AMENDMENT (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AMENDMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION XXII.

[Signature page follows]

**IN WITNESS WHEREOF**, this Amendment has been duly executed and delivered by the parties as of the date first above written.

**PURCHASER:**

DRI HOLDING VEHICLE LLC

By: Levine Leichtman Capital Partners, Inc., its  
manager

By: \_\_\_\_\_

Name: Steven Hartman

Title: Vice President

**SELLING ENTITIES:**

DRI CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

DIGITAL RECORDERS, INC.

By: \_\_\_\_\_  
Name:  
Title:

TWINVISION OF NORTH AMERICA, INC.

By: \_\_\_\_\_  
Name:  
Title:

ROBINSON TURNEY INTERNATIONAL, INC.

By: \_\_\_\_\_  
Name:  
Title:

ANNEX A

**Schedule 2.1(e) of the Agreement**

Schedule 2.1(e)

ASSUMED CONTRACTS

	Debtor	Contract Counterparty	Contract/Lease
1.	TwinVision	The Nevison Group	Representative Agreement dated August 31, 2004
2.	TwinVision	Wells Fargo Equipment	Lease Agreement regarding Mitsubishi Forklift
3.	TwinVision	Gillig Corporation	Letter Agreement regarding Rebate Program dated February 14, 2010
4.	TwinVision	New Flyer Industries	Letter Agreement regarding Rebate Program dated January 30, 2010
5.	TwinVision	Gambaccini Transit Sales, Inc.	Sales Representative Agreement dated August 1, 1996
6.	TwinVision	Magaldi & Magaldi, Inc.	Sales Representative Agreement dated August 1, 1997
7.	TwinVision	Thor Commercial Bus.	Letter Agreement regarding Rebate Program dated October 18, 2010
8.	TwinVision	State of California	Certificate of Qualification dated July 22, 2009
9.	TwinVision	State of North Carolina	License dated July 1, 2011

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	Debtor	Contract Counterparty	Contract/Lease
10.	Digital Recorders and TwinVision	QSI Corporation	Contract dated November 4, 2010
11.	Digital Records	City of Knoxville, Tennessee	Agreement dated February 1, 2010
12.	Digital Recorders	Property Reserve, Inc.	Lease Agreement (originally with The Prudential Savings Bank, F.S.B.) dated December 18, 1998, as amended pursuant to the First Lease Amendment dated December 11, 2002; the Second Lease Amended dated June 18, 2003; the Third Lease Amendment dated August 21, 2003; the Fourth Lease Amendment dated September 8, 2003; the Fifth Lease Amendment dated September 10, 2004; the Sixth Lease Amendment dated May 2, 2005; the Seventh Lease Amendment dated January 1, 2006; and the Eighth Lease Amendment dated September 30, 2010
13.	Digital Recorders	Western Contra Costa Transit Authority	Installation and Training Services Agreement dated January 30, 2008
14.	Digital Recorders	CSWL, Inc.	Customer License Agreement dated November 5, 2010
15.	Digital Recorders	The University of Washington	Technology License Agreement dated January 9, 2001
16.	Digital Recorders	Orbital Sciences Corporation	Sales Agreement dated as of October 4, 1999

	Debtor	Contract Counterparty	Contract/Lease
17.	Digital Recorders	Orbital Sciences Corporation	Sales Agreement dated February 14, 2007
18.	Digital Recorders	Research Triangle Regional Public Transportation Authority	Software License and Services Agreement dated September 22, 2010
19.	Digital Recorders	Verint Video Solutions, Inc.	Integrator Distribution Agreement dated May 10, 2005
20.	Digital Recorders	Cobb County (Cobb Transit Authority)	Contract Agreement dated October 25, 2011
21.	Digital Recorders	The City of Durham	Software License and Services Agreement dated September 7, 2010
22.	Digital Recorders	GE Transportation Systems Global Signaling, LLC	Teaming Agreement dated August 7, 2003
23.	Digital Recorders	GE Global Signaling, LLC	Purchase Order dated September 21, 2007
24.	Digital Recorders	Gets Global Signaling, LLC	Purchase Order dated August 25, 2011
25.	Digital Recorders	Tele Atlas North America, Inc.	License Agreement dated July 26, 2009
26.	Digital Recorders	Tele Atlas North America, Inc.	License Agreement dated December 20, 2010



	Debtor	Contract Counterparty	Contract/Lease
27.	Digital Recorders	De Lage Landen Financial Services, Inc.	Lease dated May 12, 2009
28.	Digital Recorders	De Lage Landen Financial Services, Inc.	Lease and amendment to lease dated August 12, 2009
29.	Digital Recorders	Systel	Lease dated April 7, 2009
30.	Digital Recorders	SiTec	Lease Agreement dated May 3, 2011
31.	Digital Recorders	Pitney Bowes	Agreement dated January 31, 2012
32.	Digital Recorders	City of Durham	Fire Department Permit (expired April 27, 2012)
33.	Digital Recorders	City of Anaheim	Anaheim License dated between 2011 and 2012
34.	Digital Recorders	City of San Luis Obispo	Business License expiring June 30, 2012
35.	Digital Recorders	State of Virginia	Temporary License expiring June 29, 2012
36.	Digital Recorders	State of Virginia	Corporation Commission License dated October 28, 2011
37.	Digital Recorders	City of Lincoln, Nebraska	Contract Agreement dated 2007
38.	Digital Recorders	Tarta	Purchase Agreement dated February 2012 (signed April 2012)
39.	Digital Recorders	Time Warner Cable	Contract for internet service

	Debtor	Contract Counterparty	Contract/Lease
40.	Digital Recorders	Verizon Wireless	Contract for cell phones
41.	DRI	HCW Employee Benefit Services, LLC	Business Associate Agreement dated June 9, 2011
42.	DRI	Tamco Capital Corporation	FlexGuard Agreement dated November 4, 2009, including Amendment to FlexGuard Agreement dated November 16, 2010, and Amendment to FlexGuard Agreement dated June 13, 2011
43.	DRI	Tamco Capital Corporation	FlexGuard Agreement dated November 13, 2009
44.	DRI	Brasfield Self Storage I	Contract for lease of storage facility
45.	DRI	Exact Software of North American, LLC	Licensing Agreements for software
46.	DRI	Thrifty Office Furniture	Lease for equipment
47.	DRI	Lawrence A. Hagemann	Executive Employment Agreement
48.	DRI	William F. Fay, Jr.	Executive Employment Agreement

**ANNEX B**

**Schedule 8.2(b) of the Agreement**

Schedule 8.2(e)

CONTRACTS WITH EXTENSIONS

	<b>Debtor</b>	<b>Contract Counterparty</b>	<b>Contract/Lease</b>
1.	Digital Recorders	De Lage Landen Financial Services, Inc.	Lease dated May 12, 2009
2.	Digital Recorders	De Lage Landen Financial Services, Inc.	Lease and amendment to lease dated August 12, 2009
3.	Digital Recorders	Systel	Lease dated April 7, 2009
4.	DRI	Tamco Capital Corporation	FlexGuard Agreement dated November 4, 2009, including Amendment to FlexGuard Agreement dated November 16, 2010, and Amendment to FlexGuard Agreement dated June 13, 2011
5.	DRI	Tamco Capital Corporation	FlexGuard Agreement dated November 13, 2009
6.	DRI	Exact Software of North American, LLC	Licensing Agreements for software

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