

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	CORRECTIVE ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	Corrective Assignment to correct the citizenship of Assignor corporation and the entity type of Assignee previously recorded on Reel 003128 Frame 0515. Assignor(s) hereby confirms the Asset Purchase Agreement.

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
ASAP SECURITY SERVICES, INC. D/B/A PROSTAR SECURITY		02/28/2005	CORPORATION: KANSAS

**RECEIVING PARTY DATA**

<b>Name:</b>	ALARM SECURITY GROUP LLC
<b>Street Address:</b>	12301 Kiln Court
<b>Internal Address:</b>	Suite A
<b>City:</b>	Beltsville
<b>State/Country:</b>	MARYLAND
<b>Postal Code:</b>	20705
<b>Entity Type:</b>	LIMITED LIABILITY COMPANY: DELAWARE

**PROPERTY NUMBERS Total: 3**

Property Type	Number	Word Mark
Registration Number:	2399351	PROSTAR
Registration Number:	2383700	PROSTAR SECURITY
Registration Number:	2392978	PROSTAR

**CORRESPONDENCE DATA**

Fax Number: (214)999-3623  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
 Phone: 214-999-4682  
 Email: ip@gardere.com, lhemphill@gardere.com  
 Correspondent Name: Gardere Wynne Sewell LLP/Lisa Hemphill  
 Address Line 1: 1601 Elm Street  
 Address Line 2: Suite 3000  
 Address Line 4: Dallas, TEXAS 75201-4761

CH \$90.00 2399351

ATTORNEY DOCKET NUMBER:	129888-3000, 3001, 3002
NAME OF SUBMITTER:	Lisa R. Hemphill
Signature:	/Lisa R. Hemphill/
Date:	09/07/2006

**Total Attachments: 44**

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Form PTO-1594 (Rev. 03/05)  
OMB Collection 0361-0022 (exp. 6/30/2005)

U.S. DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office

REGISTRATION FORM COVER SHEET  
TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):  
ASAP Security Services, Inc. db/a ProStar Security  
9150 Royal Lane, Suite 140  
Irving, Texas 75063

Individual(s)       Association  
 General Partnership       Limited Partnership  
 Corporation- State: Texas  
 Other \_\_\_\_\_

Citizenship (see guidelines) \_\_\_\_\_  
Additional names of conveying parties attached?  Yes  No

2. Name and address of receiving party(ies)  Yes  
Additional names, addresses, or citizenship attached?  No

Name: Alarm Security Group LLC  
Internal \_\_\_\_\_  
Address: \_\_\_\_\_  
Street Address: 12321 Glen Court, Suite A  
City: Belleville  
State: MD  
Country: USA Zip: 20705

Association Citizenship \_\_\_\_\_  
 General Partnership Citizenship \_\_\_\_\_  
 Limited Partnership Citizenship Designate  
 Corporation Citizenship \_\_\_\_\_  
 Other \_\_\_\_\_ Citizenship \_\_\_\_\_

(If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
(Designations must be a separate document from assignment)

3. Nature of conveyance (Execution Date(s) :  
Execution Date(s) February 28, 2005

Assignment       Merger  
 Security Agreement       Change of Name  
 Other Asset Purchase Agreement

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s) \_\_\_\_\_  
B. Trademark Registration No.(s) 2,395,351; 2,393,700; and 2,392,979

Additional sheet(s) attached?  Yes  No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):  
PROSTAR, PROSTAR SECURITY and PROSTAR SECURITY AN AUTHORIZED PROTECTION ONE DEALER

5. Name & address of party to whom correspondence concerning document should be mailed:

Name: Gardens Wynne Sewall LLP - Attn: Key Lyn Schwartz  
Internal Address: Suite 3000  
Street Address: 1801 Elm Street  
City: Dallas  
State: Texas Zip: 75201-4761  
Phone Number: 214-988-4702  
Fax Number: 214-988-3523  
Email Address: kschwartz@gardens.com

6. Total number of applications and registrations involved: 3

7. Total fee (37 CFR 2.8(b)(6) & 3.41) \$ 90.00

Authorized to be charged by credit card  
 Authorized to be charged to deposit account  
 Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers \_\_\_\_\_  
Expiration Date \_\_\_\_\_

b. Deposit Account Number 07-0153  
Authorized User Name Key Lyn Schwartz

9. Signature: Key Lyn Schwartz Signature \_\_\_\_\_ Date \_\_\_\_\_  
Name of Person Signing \_\_\_\_\_

Total number of pages including cover sheet, attachments, and document: 43

Documents to be recorded (including cover sheet) should be filed to (703) 306-6866, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450





**Execution Version**

**ASSET PURCHASE AGREEMENT**

**BY AND BETWEEN**

**ASAP SECURITY SERVICES, INC. d/b/a PROSTAR SECURITY,**

**ITS OWNERS**

**AND**

**ALARM SECURITY GROUP LLC**

K&E 10189832.10

**TRADEMARK**  
**REEL: 003387 FRAME: 0143**

## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT is made as of this 28<sup>th</sup> day of February, 2005 (as it may be amended or otherwise modified from time to time, this "Agreement"), by and between ASAP Security Services, Inc. d/b/a ProStar Security ("Seller"), Joe Tongish, Bruce Pfaff and Juan Orozco (together referred to as the "Owners") and Alarm Security Group LLC, a Delaware limited liability company ("Buyer").

### BACKGROUND

WHEREAS, Seller is engaged in the business of marketing, supplying and distributing alarm security systems and providing services related thereto in the Houston, Texas and Dallas/Fort Worth, Texas regions (the "Security Business").

WHEREAS, the Owners are the sole owners of 100% of the equity interests of the Seller.

WHEREAS, subject to the terms and conditions set forth herein, Buyer desires to acquire from Seller and Seller desires to sell to Buyer certain Customer Contracts and related assets used in the Security Business in the manner and on the terms described below.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth in this Agreement, and intending to be legally bound, the parties agree as follows:

#### 1. PURCHASE AND SALE OF THE ACQUIRED ASSETS.

1.1 Acquired Assets. On the terms contained in this Agreement, Seller shall assign, transfer and deliver to Buyer, free and clear of any Liens, by appropriate assignments and other instruments satisfactory to Buyer and its counsel, all right, title and interest of Seller and its Affiliates in and to all of the Acquired Assets, including without limitation:

(a) all right title and interest in and to the Customer Contracts, including all payments due or payable as of the date hereof or hereafter, the right to sue customers, to recover

any such sums, and the right to receive and retain mail and other communications relating to such Customer Contracts;

(b) all lists, records and other information pertaining to Customer Contracts, including credit information, drawings, blueprints, work orders, product data, personnel and referral sources, equipment maintenance, utilization, purchase, rental and sales history and all books, ledgers, files and business records pertaining to Customer Contracts of every kind, whether evidenced in writing, electronically (including, without limitation, by computer) or otherwise; and

(c) all telephone numbers associated with the alarm receivers used by Seller in connection with monitoring the Customer Contracts.

1.2 Limited Assumed Liabilities. At the Closing, Buyer will assume and agree to pay, defend, discharge and perform only the liabilities and obligations of Seller for payment and performance pertaining directly to the Customer Contracts and those contracts and leases set forth on the Contracts Schedule attached hereto (the "Acquired Contracts") each of which shall be, as of Closing, a valid, enforceable and freely assignable contract, not in default (whether by passage of time or otherwise), and in full force and effect, but only to the extent that the Customer Contracts and the Acquired Contracts are actually held by the Seller as of the Closing Date and not including any liability or obligation arising out of or in connection with any breach, violation or default arising out of or relating to any event, circumstance or condition existing or occurring during the period prior to the Closing (collectively, the "Assumed Liabilities").

1.3 Excluded Liabilities. Except for the Assumed Liabilities described in Section 1.2 above, Buyer shall not assume or become liable for, and shall not be deemed to have assumed or have become liable for, any other debts, liabilities or obligations of Seller of any nature whatsoever, whether accrued, absolute or contingent, whether known or unknown, whether disclosed or undisclosed, whether due or to become due and whether related to the Acquired Assets, Customer Contracts, Acquired Contracts or otherwise, and regardless of when or by whom asserted (collectively, "Excluded Liabilities"). Without limiting the generality of the foregoing, Buyer shall not assume any of the following, each of which shall constitute Excluded Liabilities:

(a) any liabilities or obligations (other than Assumed Liabilities) arising from or relating to the Security Business or any Acquired Asset, Customer Contract or Acquired Contract prior to the date of this Agreement,

(b) any liabilities or obligations for Taxes, except with respect to personal property taxes solely as set forth in Section 2.5.



- (c) any liabilities or obligations of the Owners;
- (c) any liabilities or obligations related to the Excluded Assets,
- (d) any liabilities or obligations arising out of or relating to breaches of contracts, breaches of warranty, torts, infringements, claims or lawsuits arising out of facts and circumstances existing or occurring at or prior to Closing Date,
- (e) accounts payable that are not identified on the Contracts Schedule;
- (f) any Indebtedness of Seller;
- (g) any severance costs or other obligations to or in respect of any of Seller's current or former employees;
- (h) any liability the existence of which would constitute a breach of any of the representations, warranties or covenants of Seller or either Owner in this Agreement; or
- (i) any other liability, obligation or commitment not expressly assumed by Buyer pursuant to this Agreement.

1.4 Excluded Assets. Excluded from this transaction are all cash on hand and in the bank and those assets listed on the Excluded Assets Schedule, all of which shall remain the sole and separate property of the Seller (the "Excluded Assets").

## 2. PURCHASE PRICE AND CLOSING

### 2.1

2.2 Closing. Subject to the terms and conditions contained in this Agreement, the purchase and sale of the Acquired Assets hereunder (the "Closing") shall take place on the date which is three business days following satisfaction or waiver of the closing conditions set forth in Section 5 hereof or such other date as is mutually agreeable to Seller and Buyer (the "Closing Date"). At the Closing, Buyer shall deliver the Base Cash Price, as adjusted pursuant to Sections 2.3(a) and 2.4(b), minus ten percent (10%) of the adjusted Base Cash Price (the "Holdback Amount"), by cashier's or certified check or by wire transfer of immediately available funds, to a bank account designated in writing by Seller. The Holdback Amount shall be retained by Buyer and shall be used to satisfy amounts owed to Buyer pursuant to Section 2.3

(Net Working Capital Adjustment), Section 2.4 (Performing RMR Adjustment), Section 2.5 (Property Tax Adjustment) and Section 7.1 (Indemnification). Subject to Sections 2.3, 2.4, 2.5 and 7, any portion of the Holdback Amount still remaining shall be released to Seller on the thirteen (13) month anniversary of the Closing Date; provided that if there is a dispute pursuant to Section 2.4(c), the remaining Holdback Amount, if any, shall be released within 3 business days of resolution of such dispute by the Independent Auditor. Should Buyer fail to release the remaining Holdback Amount, if any, within thirty (30) days after the resolution of any and all such disputes, Seller and Owners shall be immediately released from all obligations under Section 8.17 (Non-Competition and Non-Solicitation).

### 2.3 Net Working Capital Adjustment.

(a) The Base Purchase Price shall be reduced to the extent that the Net Working Capital as of the Closing is less than zero. To implement the foregoing, at least three (3) business days prior to the Closing, Seller in good faith shall prepare an estimate of Net Working Capital as of the Closing Date (the "Estimated Net Working Capital") and submit such estimate to Buyer for review. If Estimated Net Working Capital is less than \$0, the Cash Price delivered at the Closing shall be decreased by such amount.

(b) As promptly as practicable, but in no event later than sixty (60) days after the Closing Date, Buyer may deliver to Seller a balance sheet of the Security Business as of the Closing (the "Closing Balance Sheet") which will reflect Buyer's review and confirmation of the Net Working Capital as of the close of business on the Closing Date (the "Closing Net Working Capital").

(c) Promptly and in any event no later than three days following Buyer's determination of Closing Net Working Capital pursuant to Section 2.3(b), Buyer shall deduct from the Holdback Amount an amount, if any, equal to the amount by which Closing Net Working Capital is less than \$0; provided that if the Holdback Amount is not sufficient to equal such amount, the Seller shall pay to Buyer, by wire transfer of immediately available funds an amount equal to the difference between the amount of the Holdback Amount being retained by the Buyer and the total amount due pursuant to the foregoing.

(d) Promptly and in any event no later than three days following Buyer's determination of Closing Net Working Capital pursuant to Section 2.3(b), Buyer shall pay to Seller, by wire transfer of immediately available funds, an amount, if any, equal to the amount by which Closing Net Working Capital is greater than \$0.

(e) The Closing Net Working Capital shall become final and binding upon the parties unless, within fifteen days following its delivery to the Seller, the Seller notifies Buyer of

their objection thereto in writing, setting forth their objections in reasonable detail. If the Seller so notifies Buyer of their objections, the Seller and Buyer shall use reasonable efforts to resolve such objections. If, within fifteen days following the receipt of such objection notice by Buyer, any of such objections have not been resolved, the Seller and Buyer shall submit the dispute to the Independent Auditors, and the Independent Auditors' findings thereon and the resulting Closing Net Working Capital shall be final, binding and not subject to any appeal (except for clear error or mistake, or wilful misrepresentation). In connection with any such resolution, the Seller and Buyer shall instruct the Independent Auditors to make their findings within sixty (60) days, and the fees and expenses of the Independent Auditors shall be allocated between Buyer, on the one hand, and Seller, on the other hand, based upon the percentage which the portion of the contested amount not awarded to Buyer or the Seller bears to the amount actually contested by such party. The resolution of such disagreements and the determination of Closing Net Working Capital by the Independent Auditor shall be final and binding on Buyer and Seller.

#### 2.4 Performing RMR Adjustment.

(a) Seller and the Owners jointly and severally agree to guarantee the performance of the Performing Recurring Monitoring Revenue ("RMR") during the twelve month period commencing the day after Closing (the "Guarantee Period"); provided that Seller's liability pursuant to this Section 2.4 shall not exceed the initial amount of Holdback Amount as determined pursuant to Section 2.2. As used herein, "Performing RMR" means, without duplication, the amount of residential or commercial service contract revenue (determined net of any communication, utility company, or third-party pass-through charges; any assessments, taxes or governmental charges; and any customer discounts, late charges, interest fees or similar charges assessed against customers) for a one month period (regardless of whether billed monthly or more or less frequently) which is derived solely from written monitoring agreements reasonably acceptable to Buyer and to Buyer's insurance carrier, assignable without the consent of any third party and in full force and effect at Closing, provided that, notwithstanding anything herein to the contrary, Performing RMR shall not include any RMR:

- (i) from customers whose accounts receivable balances are 90 days past due from the due date of payment at Closing;
- (ii) that is not periodic in nature, but rather relates to installation purchase payments or one-time assessments or charges;
- (iii) from customers from whom Buyer has received notice of cancellation as of the date of measurement;
- (iv) from third party monitoring agreements;
- (v) from lease agreements;
- (vi) from stand alone service agreements;
- (vii) from customers who were recently added as a result of extraordinary marketing efforts or an amnesty program;
- (viii) attributable to rate increases put into effect on or after January 1, 2004, except where such rate increases are attributable to additions or changes to existing equipment or services;
- (ix) from customers for whom the Seller does not have the exclusive contractual right to use all of the telephone lines and numbers applicable to such customer's accounts;
- (x) arising out of oral contracts;
- (xi) from customers (A) (1) whose Beacon

Scores are below 625 or (2) who do not have Beacon Scores and (B) have not demonstrated at least six (6) months of satisfactory payment history or (vii) Lost RMR. "Lost RMR" means any Performing RMR that is attributable to customers who, during the Guarantee Period, have either (i) become more than 90 days past due from the due date of payment, (ii) canceled or failed to renew for any reason, (iii) notified Buyer in writing of a pending termination, or (iv) been terminated by Buyer for excessive false alarms or other customer abuses as determined by Buyer in its discretion; provided that Performing RMR will not be considered Lost RMR if such customer continues service under a contract with Seller in another location ("Replacement Service"); provided that if such Replacement Service does not provide an equivalent amount of Performing RMR, the amount of any deficiency shall be considered Lost RMR.

(b)

(c) Within thirty days following the end of the Guarantee Period, Buyer shall deliver to Seller a statement setting forth its determination of the Performing RMR as of the end of the Guarantee Period (the "Final Performing RMR") and the amount (the "Final Performing RMR Shortfall") equal to the result of 36.5 times the amount, if any, by which the Final Performing RMR is less than the Estimated Performing RMR. If Seller disagrees with Buyer's determination of the Final Performing RMR Shortfall, Seller shall notify Buyer in writing of such disagreement (such notice setting forth the basis for such disagreement in reasonable detail) and Buyer and Seller thereafter shall negotiate in good faith to resolve any such disagreements. If Buyer and Seller are unable to resolve any such disagreements within thirty (30) days after Buyer delivers its determination of the Final Performing RMR Shortfall to Seller, Buyer and Seller shall submit their dispute to an Independent Auditor for resolution. Buyer and Seller shall use their best efforts to cause the Independent Auditor to resolve all disagreements over the Final Performing RMR Shortfall as soon as practicable, but in any event within sixty (60) days after submission of the disputes to the Independent Auditor. The resolution of such disagreements and the determination of Final Performing RMR Shortfall by the Independent Auditor shall be final and binding on Buyer and Seller.

(d) In the event that during the Guarantee Period any of the Customer Contracts cease to be Performing RMR and become Lost RMR, as defined in Section 2.4 (a), Seller has the right to replace such Lost RMR with Performing RMR from written monitoring, lease and service agreements reasonably acceptable to Buyer and Buyer's insurance carrier, assignable without the consent of any third party and in full force and effect, and if Seller so

replaces such Lost RME, the Final Performing RMR shall not be adjusted and remain final to the extent of the Lost RME replaced. Any RMR so replaced by Seller after the 3 month anniversary of the Closing shall have a new Guarantee Period of nine (9) months from the date such RMR is replaced, and if such replacement RMR is not Performing RMR at the end of such 9 month period, the Seller shall pay to Buyer, by wire transfer of immediately available funds, an amount equal to the result of 36.5 times the amount of such RMR.

(e) Promptly after the final determination of the Final Performing RMR Shortfall in accordance with this Section 2.4, the Buyer shall retain and the Holdback Amount shall be reduced automatically by the amount of the Final Performing RMR Shortfall; provided that if the Holdback Amount at such time is not sufficient to equal such amount, the Seller shall pay to Buyer, by wire transfer of immediately available funds, an amount equal to the difference between the amount of the Holdback Amount being retained by the Buyer pursuant to this Section 2.4 and the total amount of the Final Performing RMR Shortfall. In any event, Seller's and Owners' liability for the guaranty of the Performing RMR pursuant to this Section 2.4 shall not exceed the initial amount of the Holdback Amount as calculated pursuant to Section 2.2.

(f) The Independent Auditor will determine the allocation of its costs and expenses in determining the Final Performing RMR based upon the percentage which the portion of the contested amount not awarded to each party bears to the amount actually contested by such party.

(g) In the event (i) a Customer Contract is terminated by Buyer, (ii) such Customer Contract ceases to be Performing RMR, (iii) the entire amount of RMR attributable to such Customer Contract is part of the Final Performing RMR Shortfall and (iv) the Buyer either retains amounts from the Holdback Amount or is paid amounts from the Seller equal to such RMR shortfall, Buyer will deliver such Customer Contract and assign all rights under such Customer Contract to Seller.

2.5 Property Tax Adjustment. Within five (5) days of the end of the Guaranty Period, the Seller shall provide to the Buyer copies of all materials it has received related to personal property taxes due or paid with respect to the Acquired Assets for the tax year ending December 31, 2005 and the Buyer shall provide to the Seller copies of all materials it has received related to personal property taxes due or paid with respect to the Acquired Assets for the tax year ending December 31, 2005. Within 20 days of the end of the Guaranty Period, Buyer and Seller shall mutually agree on the aggregate amount of property taxes with respect to the Acquired Assets for the tax year ending December 31, 2005 and such amount shall be allocated 1/6 to the Sellers and 5/6 to the Buyer. Such amounts shall be included in the calculation of the final amounts to be retained from the Holdback and/or paid pursuant to Section 2.4.

2.6 **Definitions.** For purposes of this Agreement, the following terms have the meanings set forth below:

**"Affiliate"** means when used with respect to any Person, (a) if such Person is a corporation, any officer or director thereof and any Person which is, directly or indirectly, the beneficial owner (by itself or as part of any group) of more than twenty percent (20%) of any class of any equity security (as defined in Section 3(a)(ii) of the Securities Exchange Act of 1934, as amended) thereof, and, if such beneficial owner is a partnership, any general or limited partner thereof, or if such beneficial owner is a corporation, any Person controlling, controlled by or under common control with such beneficial owner, or any officer or director of such beneficial owner or of any corporation occupying any such control relationship, (b) if such Person is a partnership, any general or limited partner thereof and (c) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person. For purposes of this definition, (i) "control" (including the correlative terms "controlling," "controlled by" and "under common control with"), with respect to any Person, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise; and (ii) all officers, directors, and stockholders of such party shall be considered an Affiliate of such party.

**"Acquired Assets"** means all right, title, and interest in and to all of the properties, assets, rights and interests of any kind, whether tangible or intangible, real or personal used or held for use by the Seller in the Security Business, including all of its (a) Leased Real Property, (b) tangible personal property (such as equipment, inventories of raw materials and supplies, manufactured and purchased parts, goods in process and finished goods, furniture, automobiles, trucks, tractors, trailers, tools, jigs, and dies), (c) Intellectual Property, goodwill associated therewith, licenses and sublicenses granted and obtained with respect thereto, and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions, (d) leases, subleases, and rights thereunder, (e) agreements, contracts, indentures, mortgages, instruments, Liens, guaranties, other similar arrangements, and rights thereunder, including without limitation the Customer Contracts, (f) accounts, notes, and other receivables, (g) securities (including the capital stock in its Subsidiaries), (h) claims, deposits, prepayments, refunds, causes of action, choses in action, rights of recovery, rights of set-off, and rights of recoupment (including any such item relating to the payment of Taxes), (i) franchises, approvals, permits, licenses, orders, registrations, certificates, variances, and similar rights obtained from governments and governmental agencies and (j) books, records, ledgers, files, documents, correspondence, lists, plats, architectural plans, drawings, and specifications, creative materials, advertising and promotional materials, studies, reports, and other printed or written materials; provided, however, that the Acquired Assets shall not include (i) the corporate charter, qualifications to conduct business as a foreign corporation,

arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock transfer books, blank stock certificates, and other documents relating to the organization, maintenance, and existence of Seller as a corporation or (ii) any of the rights of Seller under this Agreement (or under any side agreement between Seller on the one hand and Buyer on the other hand entered into on or after the date of this Agreement).

**"Customer Contracts"** means all contracts and agreements for the furnishing of alarm services which: (a) have been duly executed by the customer; (b) if the alarm service covered thereby consists of monitoring, are operational or on-line with a central station; (c) are not in arrears in payment in excess of ninety (90) days; (d) are not subject to any lien, encumbrance, right of first refusal or first offer; (e) have not been canceled by Seller or the customer and, to Seller's knowledge after due inquiry, are not pending cancellation; and (f) are not terminable by any customer as a result of the consummation of the transactions contemplated by this Agreement.

**"Government Entity"** means any public body or authority, including courts of competent jurisdiction, domestic or foreign.

**"Indebtedness"** means, with respect to any Person (without duplication), (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person, (iii) all obligations of such Person issued or assumed as the deferred purchase price of property or services (other than accounts payable to suppliers and similar accrued liabilities incurred in the ordinary course of business and other than any such obligations for services to be rendered in the future), (iv) all Indebtedness of others secured by any lien or security interest on property owned or acquired by such Person whether or not the obligations secured thereby have been assumed, (v) all Capitalized Lease Obligations of such Person, (vi) all obligations of such Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation of any other Person, (vii) all obligations (including reimbursement obligations) relating to the issuance of letters of credit for the account of such Person, (viii) all obligations arising out of foreign exchange contracts, and (ix) all obligations arising out of interest rate and currency swap agreements, cap, floor and collar agreements, interest rate insurance, currency spot and forward contracts and other agreements or arrangements designed to provide protection against fluctuations in interest or currency exchange rates.

**"Independent Auditor"** shall mean a "big four" accounting firm, or another nationally or regionally recognized firm agreed by the parties.

**"Intellectual Property"** means all of the following in any jurisdiction throughout the world: (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (b) all trademarks, service marks, trade dress, logos, slogans, trade names, corporate names, Internet domain names and rights in telephone numbers, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (d) all mask works and all applications, registrations, and renewals in connection therewith, (e) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (f) all computer software (including source code, executable code, data, databases, and related documentation), (g) all advertising and promotional materials, (h) all other proprietary rights, and (i) all copies and tangible embodiments thereof (in whatever form or medium).

**"Leased Real Property"** means all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures, or other interest in real property held by Seller.

**"Lien"** means any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien, charge, restriction, adverse claim by a third party, title defect or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, any assignment or other conveyance of any right to receive income and any assignment of receivables with recourse against assignor), any filing of any financing statement as debtor under the Uniform Commercial Code or comparable law of any jurisdiction and any agreement to give or make any of the foregoing, other than liens for Taxes not yet due and payable and liens arising in the ordinary course of business and not incurred in connection with the borrowing of money.

**"Person"** means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

**"Tax"** shall mean any federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, real property gains, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, customs, duties, real property, personal property,



capital stock, social security, unemployment, disability, payroll, license, employee or other withholding, or other tax, of any kind whatsoever, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing; the foregoing shall include any transferee or secondary liability for a Tax and any liability assumed by agreement or arising as a result of being (or ceasing to be) a member of any Affiliated Group (or being included (or required to be included) in any Tax Return relating thereto).

“Tax Return” shall mean any return, declaration, report, claim for refund, information return or other document (including any related or supporting schedule, statement or information) filed or required to be filed in connection with the determination, assessment or collection of any Tax of any party or the administration of any laws, regulations or administrative requirements relating to any Tax.

2.7 Allocation of Purchase Price. Seller and Buyer hereby agree that the Purchase Price shall be allocated among the assets being purchased hereunder as follows:

(b) Customer Contracts, balance of Purchase Price.

### 3. REPRESENTATIONS AND WARRANTIES CONCERNING SELLER.

As an inducement to Buyer to enter into this Agreement and to consummate these transactions, Seller and each Owner represents and warrants to Buyer as follows:

3.1 Organization of Seller. Seller is a corporation, formed and duly organized under the laws of the State of Kansas, has the requisite power and authority to operate the Security Business and own the Acquired Assets in all of the states in which it conducts the Security Business and is duly qualified to carry on its business as now conducted in such states, to enter into this Agreement and to perform the terms of this Agreement. ASAP Security Services, Inc. and ProStar Security are the only names under which Seller has conducted the Security Business.

3.2 Authority of Seller. Seller has full power and authority to enter into this Agreement, to consummate the transactions contemplated hereby and to comply with the terms, conditions and provisions hereof. This Agreement and each other agreement or instrument of Seller contemplated by it will be, the legal, valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, except where such enforceability is limited by any

applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or similar laws or equitable principles affecting the enforcement of creditor's rights. The execution, delivery and performance of this Agreement and the other agreements of Seller contemplated by it do not require any further authorization, the consent of or notice to any third party. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein will conflict with or result in any violation of or constitute a default under any term of any agreement, mortgage, debt instrument, indenture, or other instrument, judgment, decree, order, award, law or regulation by which Seller is bound, or result in the creation of any Lien upon any of the Acquired Assets. As of the date hereof, neither Seller nor any of the Owners has any plan to seek bankruptcy protection.

3.3 Title to Property; Undisclosed Liabilities. Seller has good title to all of the Acquired Assets, free and clear of Liens, claims, security interests or encumbrances of any kind. The Acquired Assets constitute all property, real and personal, tangible and intangible, necessary or required for the conduct of the Security Business in the manner presently conducted and as conducted since January 1, 2004. Except as set forth on the Liabilities Schedule attached hereto, Seller has no obligation or liability (whether known or unknown, accrued, absolute, contingent, unliquidated or otherwise, whether due or to become due and regardless of when asserted) relating to the Acquired Assets the subject hereof.

3.4 Compliance with Laws; Litigation. Seller has complied in all material respects with all laws, regulations, rules, writs, injunctions, ordinances, franchises, decrees or orders of any federal or state court or of any municipal or governmental department, commission, board, bureau, agency or instrumentality that are applicable to the Acquired Assets or the Security Business. All reports, schedules and/or returns of any administrative agency of the federal or any state or local government required to be filed by Seller have been filed. There are no lawsuits, claims, suits, proceedings or investigations pending or, to the knowledge of Seller, threatened against or affecting Seller, nor are there any lawsuits, claims, suits or proceedings pending in which Seller is the plaintiff or claimant, that relate to the Acquired Assets or the Security Business and that involve the possibility of any judgment, order, award or other decision that could reasonably be expected to impair the ability of Seller to perform this Agreement, or could impair the quality of title of the Acquired Assets, or materially adversely affect the normal operation of the Security Business, or could result in liability for damages or otherwise materially adversely affect Seller's right, title or interest in the Acquired Assets or the Security Business. There have been no settlements with governmental entities, subdivisions or authorities relating to the Security Business during the past 3 years. There is no action, suit or proceeding pending or, to the knowledge of Seller, threatened that questions the legality or propriety of these transactions.

3.5 Adverse Developments. Except as described on the attached Adverse Developments Schedule, since March 1, 2004, there has not occurred any significant damage,

destruction, loss or other casualty to the Acquired Assets, individually or as a whole, or to the Security Business, however arising and whether or not covered by insurance.

3.6 Customer Contracts. All of the Customer Contracts to be acquired are valid and enforceable, are in full force and effect and binding and enforceable in accordance with their terms, are assignable to Buyer without obtaining the consent of or providing notice to any customer, and contain terms and conditions that are standard within the electronic security industry, including those involving limitation of liability/liquidated damages, third-party indemnification, automatic renewals and the right to increase customer rates after the initial term. All of the contracts identified on the attached Contracts Schedule are valid and enforceable and are in full force and effect and are binding on the parties thereto and enforceable in accordance with their terms. Each of the Customer Contracts and the Acquired Contracts will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby. Seller has delivered to Buyer a correct and complete copy of each of the Customer Contracts and the Acquired Contracts (as amended to date). Seller has performed all obligations required to be performed by it and is not in material default under or in material breach of nor in receipt of any claim of default or breach under any Customer Contract or any other contract, lease, agreement or instrument to which it is subject; no event has occurred which with the passage of time or the giving of notice or both would result in a material default, material breach or event of noncompliance by Seller under any contract, lease, agreement or instrument to which the Seller is subject; Seller has no present expectation or intention of not fully performing all such obligations; the Seller has no knowledge of any breach or anticipated breach by the other parties to any contract, lease, agreement, instrument or commitment to which it is a party; and the Seller is not a party to any contract or commitment that could reasonably be expected to have a Material Adverse Effect (as defined in Section 5.1(k)). To Seller's knowledge, the Security Business and all equipment used in connection with it are now being utilized, operated and maintained in conformity in all material respects with the applicable Customer Contracts, with all other applicable laws and regulations, and with the orders, rules and regulations of any government or governmental agency or authority having jurisdiction with respect thereto.

3.7 Customer and System Information.

(a) Seller has entered into written agreements with all of its customers and, except as set forth in the attached Customer Schedule, none of Seller's standard form customer agreements have been materially altered. The attached Customer Schedule sets forth a true and accurate list of the amounts that Seller charges its customers for monitoring, service, maintenance, repairs, open/close, refundable deposits, reconnect fees and any other services provided by Seller. Seller has no obligations or liabilities to customers or to other users of Seller's electronic security services, except: (i) with respect to deposits made by such customers

or such other users, if any; and (ii) the obligation to supply services to customers in the ordinary course of business. All payment calculations and other charges made or assessed by Seller pursuant to the Customer Contracts have been done so accurately and have been appropriately disclosed to the customer and do not conflict in any material respect with any applicable law, rule or regulation, including the Federal Truth in Lending Act, Regulation Z and similar state laws. To Seller's knowledge there are no complaints by customers or other users of Seller's electronic security services that, individually or in the aggregate, could reasonably be expected to have a material adverse effect upon the Customer Contracts to be acquired or the financial condition or operation of the Security Business. Seller has no free or discounted service liability to customers existing with respect to the Security Business. Seller has no obligation or liability for the refund of monies to its customers other than obligations to refund deposits made by customers in the ordinary course of business.

(b) All of the alarm systems installed by Seller are in good working order and condition, failure of a customer to report to Seller any problem with an alarm system known to the customer and customer non-use excepted, and to Seller's knowledge have been installed and maintained in accordance with good and workmanlike practices prevailing in the security alarm industry, in accordance with the specifications or standards of U.L. and all local authorities, including local telephone companies. All such alarm systems conform in all material respects to the contracts pursuant to which they were installed and to Seller's knowledge in no case has an installation been made by Seller that at the time of installation was in material violation of any applicable law, code or regulation. All manufacturers' warranties applicable to any such alarm systems are freely assignable to Buyer.

(c) The Customer Contracts to be acquired include all of the telephone lines and numbers applicable to Seller's accounts and can be converted to communicate with Buyer's central station by means of a line swing, except for certain accounts listed on the attached Required Conversion Schedule which are currently monitored by ADT, but which are in the process of being converted. The attached Customer Schedule sets forth a list of all of the telephone numbers used in connection with the operation of the Seller's alarm receivers. Seller has not sold or otherwise made its customer list available to any third party, other than for the purpose of obtaining financing.

3.8 Broker or Finder. Neither Seller, any of the Owners nor any party acting on their behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated herein.

3.9 Bulk Sales Compliance and Transfer Taxes. Neither the sale and transfer of the Customer Contracts to be acquired pursuant to this Agreement, nor Buyer's possession and use thereof after Closing because of such sale and transfer, will result in or be subject to: (a) any law pertaining to bulk sales or transfers that make such sales or transfers ineffective as to

creditors of Seller; (b) any federal, state or local sales, use, transfer, excise or license tax, fee or charge applicable to any of the Assets to be Acquired; or (c) the imposition of any liability upon Buyer for appraisal rights or other liability owing to any stockholder of Seller that is not expressly assumed by Buyer in this Agreement.

3.10 Options, Warrants and Rights of First Refusal. No Person has any option, warrant or right of first refusal to purchase the Customer Accounts to be acquired.

3.11 Litigation. Except as set forth on the attached Litigation Schedule, there are no (and during the past five years there have not been any) actions, suits, proceedings (including any arbitration proceedings), orders, investigations or claims pending or, to the best knowledge of each of the Owners and the Seller, threatened against either the Owners or the Seller, or pending or threatened by either the Owners or the Seller against any third party, at law or in equity, or before or by any Government Entity (including any actions, suits, proceedings or investigations with respect to the transactions contemplated by this Agreement); neither the Owners, the Seller nor any of the Seller's assets are subject to any arbitration proceedings under collective bargaining agreements or otherwise or any governmental investigations or inquiries; and, to the best knowledge of each of the Owners or the Seller, there is no basis for any of the foregoing. Neither the Owners nor the Seller are subject to any judgment, order or decree of any Government Entity.

3.12 Compliance with Laws; Permits. Except as set forth on the attached Compliance Schedule:

(a) Each of the Owners and the Seller has complied with all applicable Laws relating to the operation of the Security Business. No notices have been received by and no claims have been filed against any of the Owners and the Seller alleging a violation of any such Laws.

(b) The Seller holds all permits, licenses, certificates, accreditations and other authorizations of all Government Entities required for the conduct of its business and the ownership of its properties, and the attached Permits Schedule sets forth a list of all of such permits, licenses, certificates, accreditations and other authorizations. No notices have been received by each of the Owners and the Seller alleging the failure to hold any permit, license, certificate, accreditation or other authorization of any Government Entity. The Seller is in substantial compliance with all terms and conditions of all material permits, licenses, accreditations and authorizations which it holds. Except as disclosed on the attached Permits Schedule all of such permits, licenses, accreditations and authorizations will be available for use by the Buyer immediately after the Closing.

3.13 Tax Matters. Except as set forth on the attached Taxes Schedule:

(a) The Seller has filed all Tax Returns which it is required to file under applicable laws and regulations, and all such Tax Returns are complete and correct in all material respects and have been prepared in substantial compliance with all applicable laws and regulations.

(b) The Seller has paid all Taxes due and owing by it (whether or not such Taxes are shown or required to be shown on a Tax Return) and has withheld and paid over to the appropriate taxing authority all Taxes which it is required to withhold from amounts paid or owing to any employee, independent contractor, shareholder, creditor or other third party.

(c) During the past five years with respect to federal, state and local Taxes, there has been no material action, suit, proceeding or audit or any notice of inquiry of any of the foregoing pending against or with respect to the Seller regarding Taxes and no action, suit, proceeding or audit has been threatened against or with respect to the Seller regarding Taxes.

(d) To the knowledge of the Seller and the Owners, there are no unresolved questions or claims concerning the Seller's Tax liability; there are no Liens on any of the assets of the Seller that arose in connection with any failure (or alleged failure) to pay any Tax.

(e) No claim has ever been made by a taxing authority in a jurisdiction where the Seller does not file Tax Returns that such Person is or may be subject to taxation by such jurisdiction.

(f) the Seller is not a party to or bound by any Tax allocation or Tax sharing agreement, has no current or potential material contractual obligation to indemnify any other Person with respect to Taxes and has no material liability for the Taxes of any Person, as a transferee or successor, by contract, or otherwise.

3.14 Assets. Except as set forth on the attached Liens Schedule, the Seller has (and, as of the Closing, the Seller will have) good and valid title to, or a valid leasehold interest in, the properties and assets, tangible or intangible, used by it, located on its premises, otherwise used in the Security Business, or shown on the January 31, 2005 balance sheet provided to the Buyer, free and clear of all Liens, except for inventory disposed of in the ordinary course of business since the date of such balance sheet. The Seller owns (and, as of the Closing, the Seller will own) or, have a valid leasehold interest in, or have a valid license to use, all the assets, properties and rights, whether tangible or intangible, necessary for the conduct of the Security Business as conducted during the prior twelve month period and as presently proposed to be conducted by the Seller. The assets and properties owned or used by the Seller and used in the operation of the Security Business as of the Closing are in good working condition and repair.

3.15 Adverse Events. Except as set forth on the Adverse Events Schedule attached hereto, since March 1, 2004, there has occurred no fact, event or circumstance which has had or could be expected to have a Material Adverse Effect.

3.16 Intellectual Property. Seller owns and possesses all right, title and interest in and to, or has valid and enforceable licenses to use, all of the Intellectual Property necessary or desirable for the conduct of its business as presently conducted and as proposed to be conducted, without any conflict with or infringement of the rights of others and free and clear of all Liens. Each item of Intellectual Property owned or used by Seller immediately prior to the Closing will be owned or available for use by Buyer on identical terms and conditions immediately subsequent to the Closing hereunder. The attached Intellectual Property Schedule sets forth (i) all patented and registered Intellectual Property (or applications for patents or registration thereof) owned, used or held for use by Seller and also contains details of (ii) all material unregistered trademarks, service marks, copyrights, trade names, internet domain names, and computer software owned, used or held for use by Seller and (iii) all license agreements and other agreements with respect to Intellectual Property to which Seller is a party. Seller has taken reasonable action to maintain and protect all of its Intellectual Property and will continue to similarly maintain and protect its Intellectual Property prior to the Closing Date. To Seller's knowledge, Seller has not infringed, misappropriated, or conflicted with, or, will infringe, misappropriate, or conflict with any Intellectual Property of any third party. To Seller's knowledge, no third party has infringed, misappropriated, or conflicted with, or is infringing, misappropriating, or conflicting with Seller's Intellectual Property. To Seller's knowledge, all of the computer firmware, computer hardware, and computer software (whether general or special purpose) and other similar or related items of automated, computerized, and/or software system(s) used or relied upon by Seller in the conduct of the Security Business are in good operating condition, repair, subject only to the provision of usual and customary maintenance, and sufficient for the conduct of Seller's business as it is now and will be operated as of the Closing Date.

3.17 Disclosure. No representation or warranty by Seller in this Agreement or any Schedule hereto, or certificate furnished or to be furnished by Seller pursuant to this Agreement, or in connection with these transactions, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact required to be stated herein or therein or necessary to make the statements contained herein or therein not misleading.

#### 4. REPRESENTATIONS AND WARRANTIES OF BUYER

As an inducement to Seller to enter into this Agreement and to consummate these transactions, Buyer represents, warrants and covenants to Seller as follows:

4.1 Authority of Buyer. Buyer is a limited liability company, duly formed, validly existing and in good standing under the laws of the State of Delaware. Buyer has full limited liability company power and authority to enter into this Agreement, to consummate these transactions and to comply with the terms, conditions and provisions hereof. This Agreement is, and each other agreement or instrument of Buyer contemplated by it will be, the legal, valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except where such enforceability is limited by any applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or similar laws or equitable principles affecting the enforcement of creditor's rights. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by it will conflict with or result in any violation of or constitute a default under any term of the certificate of incorporation or bylaws of Buyer, or any agreement, mortgage, debt instrument, indenture, franchise, license, permit, authorization, lease or other instrument, judgment, decree, order, award, law or regulation by which Buyer is bound. As of the date hereof, Buyer currently has no plans to seek bankruptcy protection.

4.2 Broker or Finder. Neither Buyer nor any party acting on its behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of these transactions.

4.3 Litigation. There is no action, suit or proceeding pending or, to the knowledge of Buyer threatened to which Buyer is party that questions the legality or propriety of these transactions. Buyer is not subject to any order, judgment or decree, or any other restriction, that is likely to prevent or hinder the transactions contemplated by this Agreement.

4.4 Disclosure by Buyer. No representation or warranty by Buyer in this Agreement or any Schedule or certificate furnished or to be furnished by Buyer pursuant to this Agreement, or in connection with these transactions, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact required to be stated herein or therein or necessary to make the statements contained herein or therein not misleading.

5. CONDITIONS.



5.1 Conditions to Buyer's Obligations. Buyer's obligation to purchase the Customer Contracts to be acquired and to take the other actions required to be taken by Buyer at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Buyer, in whole or in part):

(a) the representations and warranties set forth in Section 3 hereof will be true and correct in all material respects at and as of the Closing as though then made and as though the Closing Date were substituted for the date of this Agreement;

(b) Seller will have performed in all material respects all of the covenants and agreements required to be performed by it under this Agreement prior to the Closing

(c) all consents and approvals by governmental agencies that are required for the consummation of the transactions contemplated hereby or the other agreements contemplated hereby or by third parties that are required in order to prevent a breach of, or a default under or a termination, change in the terms or conditions or modification of, any instrument, contract, lease, license or other agreement to which Seller is a party or to which the Customer Contracts to be acquired is subject and releases of all Liens on the Acquired Assets will have been obtained on terms and conditions satisfactory to Buyer;

(d) all necessary filings with regulatory authorities will have been made;

(e) all governmental licenses that are required to own and operate the Customer Contracts to be acquired and to carry on the Security Business as now conducted will have been obtained by (or, if not required at Closing, applied for by) Buyer as required by the laws of the State of Texas;

(f) no action or proceeding before any court or government body will be pending or threatened which, in the judgment of Buyer, makes it inadvisable or undesirable to consummate the transactions contemplated by this Agreement by reason of the probability that the action or proceeding will result in a judgment, decree or order that would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated hereby or cause such transactions to be rescinded;

(g) on the Closing Date, Seller will have delivered to Buyer at Seller's expense each of the following:

(i) a certificate from Seller in the form satisfactory to Buyer, dated the Closing Date, stating that the preconditions specified above have been satisfied;

(ii) such instruments of sale, transfer, assignment, conveyance and delivery, in form and substance satisfactory to counsel for Buyer, as are required in order to

transfer to Buyer good and marketable title to the Acquired Assets and the Customer Contracts to be acquired, free and clear of all Liens (except for any Liens securing the Assumed Liabilities);

(iii) an accurate and complete listing of all of the accounts receivable of Customer Contracts to be acquired that exist as of the Closing Date, including without limitation the original contract for each account included in the Customer Contracts to be acquired, together with central station information for such account;

(iv) a CD or disk containing all central station information necessary, as determined by Buyer, to swing the lines effective as of the Closing Date;

(v) all billing information relating to each account included in the Customer Contracts to be acquired in electronic format or other format acceptable to Buyer;

(vi) a list of telephone lines used by Seller for central station receivers;  
and

(vii) such other documents or instruments as Buyer reasonably requests to effect the transactions contemplated hereby.

(h) Buyer and its employees, agents, lenders and accounting and legal representatives shall have completed their tax, accounting, business and legal due diligence review of Seller, the Security Business and Acquired Assets, and Buyer shall be satisfied with the results of such due diligence review in its sole discretion;

(i) Buyer shall have received the proceeds of debt financing on terms and conditions satisfactory to the Buyer in its sole discretion;

(j) an opinion of legal counsel to the Seller, in form and substance satisfactory to Buyer, with respect to the transactions contemplated hereby;

(k) There shall have been no change, event or development that has had or would reasonably be expected to have a material adverse effect on the financial condition, assets, operations, employee, customer or supplier relations or business prospects of the Seller and its subsidiaries with respect to the Security Business (a "Material Adverse Effect"); and

(l) all proceedings to be taken by Seller in connection with the consummation of the Closing and the other transactions contemplated hereby and all certificates, opinions, instruments and other documents required to effect the transactions contemplated hereby reasonably requested by Buyer will be reasonably satisfactory in form and substance to Buyer and its counsel.

Any conditions specified in this Section 5.1 may be waived by Buyer; provided, that no such waiver will be effective unless it is set forth in a writing executed by Buyer.

5.2 Conditions to Seller's Obligations. Seller's obligation to sell the Customer Contracts to be acquired and to take the other actions required to be taken by Seller at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Seller in whole or in part):

(a) the representations and warranties set forth in Section 4 hereof will be true and correct in all material respects at and as of the Closing as though then made and as though the Closing Date were substituted for the date of this Agreement;

(b) Buyer will have performed in all material respects all the covenants and agreements required to be performed by it under this Agreement prior to the Closing;

(c) Buyer will be in compliance with its obligations hereunder;

(d) all proceedings to be taken by Buyer in connection with the consummation of the Closing and the other transactions contemplated hereby and all certificates, opinions, instruments and other documents required to effect the transactions contemplated hereby reasonably requested by Seller will be reasonably satisfactory in form and substance to Seller and its counsel; and

(e) all governmental licenses that are required to own and operate the Customer Contracts to be acquired and to carry on the Security Business as now conducted will have been obtained by (or, if not required at Closing, applied for by) Buyer as required by the laws of the State of Texas. Any condition specified in this Section 5.2 may be waived by Seller; provided, that no such waiver will be effective against Seller unless it is set forth in a writing executed by Seller.

## 6. COVENANTS.

### 6.1 Covenants Prior to Closing.

(a) Affirmative Covenants. Between the date hereof and the Closing Date, except as otherwise expressly provided herein, Seller will:

(i) conduct the Security Business, including without limitation, the cash management customs and practices of the Security Business (including the collection of receivables and payment of payables) only in the usual and ordinary course of business in accordance with past custom and practice;

(ii) use best efforts to preserve the present business relationships with all material customers the subject of the Customer Contracts to be acquired and promote the smooth transition of such customers from Seller to Buyer;

(iii) use best efforts to preserve the present business relationships with all employees and suppliers and promote the smooth transition of such employees and suppliers from Seller to Buyer;

(iv) permit Buyer and its employees, agents, potential lenders, and accounting and legal representatives to have access, upon reasonable notice, to its books, records, invoices, contracts, leases, key personnel, independent accountants, legal counsel, property, facilities, equipment and other things reasonably related to the sale of the Acquired Assets, including key customers selected by Buyer and Seller for such purposes;

(v) use best efforts to obtain all consents, permits, licenses, approvals and other authorizations necessary to consummate the transactions contemplated hereby, and to cause the other conditions to Buyer's obligation to close to be satisfied; and

(vi) promptly inform Buyer in writing of any variances from the representations and warranties contained in Section 3 hereof.

(b) Negative Covenants. Between the date hereof and the Closing Date, except as otherwise provided herein, Seller, and the Owners where applicable, will not:

(i) take any action that, or omit to take any action the omission of which, has had or would reasonably be expected to have a Material Adverse Effect;

(ii) without the prior approval of Buyer, enter into any contract adversely affecting the sale of the Acquired Assets to be acquired as contemplated in this Agreement;

(iii) enter into any transaction, arrangement or regarding the transfer of any of the Acquired Assets to be acquired or placing a Lien on any of the Acquired Assets to be acquired;

(iv) enter into or perform any transactions with Affiliates;

(v) increase any compensation or benefit arrangements for or grant any bonuses to any officer, director or employee of the Seller or any of its subsidiaries;

(vi) pay any dividends, purchase, sell or redeem any securities or otherwise make any distribution to any stockholders or issue or agree to issue any equity securities;

(vii) change any accounting, collection, payment or other cash management practices;

(viii) amend its certificate of incorporation, bylaws or other governing documents;

(ix) sell, transfer or assign record or beneficial ownership of any equity interests in the Seller or any voting rights related thereto;

(iv) until consummation of the transactions contemplated hereby, neither the Seller nor any of its Affiliates or representatives or, as applicable, their respective officers, employees, directors, or agents will, directly or indirectly, (i) submit, solicit, initiate, encourage or discuss any proposal or offer from any Person or enter into any agreement or accept any offer relating to any sale of the Customer Contracts to be acquired or (ii) furnish any information with respect to, assist or participate in or facilitate in any other manner any effort or attempt by any Person to sell or acquire such Customer Contracts except as contemplated under this Agreement. Seller represents and warrants that (i) it is not party to or bound by any agreement with respect to the Customer Contracts to be acquired hereunder other than this Agreement, and (ii) it has terminated all discussions with third-parties regarding any of the foregoing and shall notify Buyer immediately if any Person makes any proposal, offer, inquiry or contact with respect to any of the foregoing.

6.2 Net Working Capital. Seller warrants that the Net Working Capital (as defined below) of the Security Business acquired by Buyer shall not be less than zero as of the Closing Date. Prior to the Closing, Seller shall provide a good faith estimate of such Net Working Capital and the Base Purchase Price delivered at the Closing shall be reduced dollar for dollar to the extent such estimate is less than zero. If Buyer determines that Net Working Capital as of the Closing is less than zero, the Holdback Amount shall be reduced by Buyer dollar for dollar to the extent of such deficiency. As used herein, "Net Working Capital" means the sum of (x) amount by which (i) the aggregate amount of the bona fide accounts receivable acquired by Buyer at the Closing (but not including accounts receivable outstanding more than 90 days) exceed (ii) deferred revenues (including the Aggregate Deferred Revenue) assumed by Buyer at the Closing plus (y) the value of Seller's existing service and installation inventory as of the Closing; provided that, for the purpose of calculating Net Working Capital, neither cash nor accounts receivable representing RMR that is not Performing RMR shall be included; provided further that, solely for the purpose of calculating Net Working Capital, the value of the service and installation inventory shall not exceed . "Aggregate Deferred Revenue" means, with respect to the Customer Contracts acquired by Buyer hereunder representing Performing RMR, all amounts billed to any customer by Seller prior to the Closing Date (regardless of whether such amounts have been paid or not) that are attributable to services and installations to be rendered by Buyer after the Closing.

6.3 Reports. Buyer shall provide Seller with reports every 60 days of its estimate of Lost RMR, including name and address of account and, to the extent available, a reasonable description of the reasons for such Lost RMR.

6.4 Monitoring Stations; Telephone Lines; Service. Buyer agrees that during the Guarantee Period it will not increase the monitoring rate currently charged under the acquired Customer Contracts (except as permitted pursuant to such Customer Contracts). In addition, during the Guarantee Period, Buyer will use collection efforts and service all Customer Contracts acquired by it hereunder in the same manner and with the same level of care as it treats Customer Contracts owned by Buyer prior to the Closing Date, which efforts and service shall be consistent with the Buyer's company handbook in effect as of the date hereof.

## 7. INDEMNIFICATION

7.1 Seller Indemnification. Seller and the Owners jointly and severally agree to indemnify Buyer and its officers, directors, employees, agents, representatives, Affiliates, successors and assigns (collective the "Buyer Parties"), and hold it and them harmless against any loss, liability, deficiency, damage or expense (including reasonable legal expenses and costs and including interest and penalties) (a "Loss") which such Buyer Parties may suffer, sustain or become subject to, as a result of (i) the breach by Seller or the Owners of any representation, warranty, covenant or agreement made by the Seller contained in this Agreement or any writing delivered in connection with this Agreement, (ii) any action, demand, proceeding, investigation or claim by a third party (including governmental agencies) against or affecting any of the Buyer Parties, the Security Business (as operated by Buyer or its successor in interest) or the Acquired Assets which, if successful, would give rise to or evidence the existence of or relate to a breach of any of the representations, warranties or covenants of Seller or the Owners, (iii) any claims of any brokers or finders claiming by, through or under Seller or the Owners, (iv) any warranty liability of the Seller or the Owners for parts and/or labor relating to Seller's Security Business or any of the Acquired Assets which relate to claims, facts or circumstances in existence on or prior to the Closing Date, (v) costs associated with reprogramming required in connection with the assignment of any of the Seller's Customer Contracts, or (vi) the assertion against any of the Buyer Parties of any liability or claim relating to any Excluded Liability.

7.2 Buyer Indemnification. Buyer agrees to indemnify Seller, its successor and assigns, and the Owners and their heirs and executors (collectively the "Seller Parties") and hold Seller Parties harmless against any Loss which such Seller Parties may suffer, sustain or become subject to, as the result of (i) a breach of any representation, warranty, covenant, or agreement by Buyer contained in this Agreement or any writing delivered in connection with this Agreement, (ii) any action, demand, proceeding, investigation or claim by a third party (including governmental agencies) against or affecting Seller, its remaining Security Business (as operated

by Seller or his heirs, assigns or successors in interest) or the Customer Contracts to be sold to Buyer which, if successful, would give rise to or evidence the existence of or relate to a breach of any of the representations, warranties or covenants of Buyer, (iii) any claims of any brokers or finders claiming by, through or under Buyer, or (iv) the assertion against Seller of any Assumed Liability.

7.3 Defense of Claims. If a party hereto seeks indemnification under this Section 7, such party (the "**Indemnified Party**") shall give written notice ("Notice of Loss") to the other party (the "**Indemnifying Party**") of the facts and circumstances giving rise to the claim. In that regard, if any suit, action, claim, liability or obligation (a "**Proceeding**") shall be brought or asserted by any third party which, if adversely determined, would entitle the Indemnified Party to indemnity pursuant to this Section 7, the Indemnified Party shall within 30 days notify the Indemnifying Party of the same in writing, specifying in detail the basis of such claim and the facts pertaining thereto; provided, that the failure to so notify an Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder except to the extent such failure shall have harmed the Indemnifying Party. The Indemnifying Party, if it so elects, shall assume and control the defense of such Proceeding (and shall consult with the Indemnified Party with respect thereto), including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of expenses; provided, however, that in the event any Proceeding shall be brought or asserted by any third party which, if adversely determined, would not entitle the Indemnified Party to full indemnity pursuant to Section 7, the Indemnified Party may elect to participate in a joint defense of such Proceeding (a "**Joint Defense Proceeding**") for which the expenses of such joint defense will be shared equally by such parties and the employment of counsel shall be reasonably satisfactory to both parties. If the Indemnifying Party elects to assume and control the defense of a Proceeding, it will provide notice thereof within 30 days after the Indemnified Party has given notice of the matter and if such Proceeding is not a Joint Defense Proceeding, the Indemnified Party shall have the right to employ counsel separate from counsel employed by the Indemnifying Party in any such action and to participate in the defense thereof, but the fees and expenses of such counsel employed by the Indemnified Party shall be at the expense of the Indemnified Party unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, or (ii) the Indemnifying Party has failed to assume the defense and employ counsel. The Indemnifying Party shall not be liable for any settlement of any Proceeding, the defense of which it has elected to assume, which settlement is effected without the written consent of the Indemnifying Party; provided that no settlement of a Joint Defense Proceeding may be effected without the written consent of both parties. If there shall be a settlement to which the Indemnifying Party consents or a final judgment for the plaintiff in any Proceeding, the defense of which the Indemnifying Party has elected to assume, the Indemnifying Party shall indemnify the Indemnified Party with respect to the settlement or judgment. If the Indemnifying Party elects to assume and control the defense or in the event of a

Joint Defense Proceeding, the Indemnified Party shall take all reasonable efforts necessary to assist the Indemnifying Party in such defense.

7.4 Set-off. In addition to any other remedies, Buyer shall be entitled to set-off any amounts due or payable to Buyer from Seller or the Owners pursuant to, under or in connection with Section 7 of this Agreement against any amount otherwise due or payable by Buyer to Seller.

7.5 Payments. Any payment pursuant to a claim for indemnification shall be made as follows:

(a) If the Notice of Loss with respect to a claim does not relate to a Proceeding brought by a third party, then the Indemnifying Party shall have 30 days to object to any of the subject matter and any of the amounts of the Losses set forth in the Notice of Loss, as the case may be, by delivering written notice of objection thereof to the Indemnified Party. If the Indemnifying Party fails to send a notice of objection to the Notice of Loss within such 30 day period, then the Indemnifying Party shall be deemed to have agreed to the Notice of Loss and shall be obligated to immediately pay to the Indemnified Party the portion of the amount specified in the Notice of Loss to which the Indemnifying Party has not objected. If the Indemnifying Party sends a timely notice of objection, then the Indemnifying Party and the Indemnified Party shall use their commercially reasonable efforts to settle (without an obligation to settle) such claim for indemnification. If the Indemnifying Party and the Indemnified Party do not settle such dispute within 30 days after the Indemnified Party's receipt of the Indemnifying Party's notice of objection, then each of the Indemnifying Party and the Indemnified Party shall be entitled to seek enforcement of their respective rights under this Article 8.2.

(b) If the Notice of Loss with respect to claim relates to a Proceeding brought by a third party, then the procedures set forth in Section 7.3 shall be applicable and payment shall be made not later than 30 days after the amount of the claim is finally determined.

Any payment required under this Section which is not made when due shall bear interest at the rate per annum determined in accordance with Section 7 hereof

7.6 Adjustments. Amounts paid to Buyer as indemnification shall be treated as adjustments to the Purchase Price.

7.7 Maximum Liability. Notwithstanding anything to the contrary in this Agreement, in no event will the Seller and the Owners be liable for any Losses of the Buyer Parties in an amount in excess of the Purchase Price. Notwithstanding the forgoing, with respect to claims for breaches of Section 8.17, each Owner shall only be liable for such Owner's own



breach of such section and in no event shall an Owner be liable for an amount in excess of one-third (1/3) of the Purchase Price for any claim for monetary damages resulting from any such breach.

## 8. GENERAL PROVISIONS; ADDITIONAL AGREEMENTS

### 8.1 Survival of Obligations.

Seller and Buyer acknowledge that the representations, warranties, covenants and agreements of Seller and Buyer contained in this Agreement form an integral part of the consideration given to Buyer in exchange for the Purchase Price and to Seller in exchange for the Customer Contracts to be acquired, without which Buyer would be unwilling to purchase, and Seller would be unwilling to sell, the Assets to be Acquired. Seller and Buyer agree that all of the representations, warranties, covenants and agreements of Seller and Buyer contained in this Agreement or in any exhibit, schedule, or certificate or other document or instrument required to be delivered pursuant to this Agreement will survive the making of this Agreement, any investigation or review made by or on behalf of the parties hereto and the Closing. Buyer is not aware of any facts or circumstances that would serve as the basis for a claim by Buyer against Seller based upon a breach of any of the representations and warranties of Seller contained in this Agreement or breach of any of Seller's covenants or agreements to be performed by it at or prior to Closing. Buyer shall be deemed to have waived in full any breach of any of Seller's representations and warranties and any such covenants and agreements of which Buyer has such awareness at the Closing.

### 8.2 Arbitration.

Except as expressly provided otherwise, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, will be settled by arbitration in Austin, Texas, in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"). Buyer and Seller agree that such location is the most convenient forum for both parties. The parties elect to provide for pre-arbitration discovery pursuant to the provisions of the Federal Rules of Civil Procedure. Unless modified by the arbitrators in their discretion, the arbitration will proceed upon the following schedule: (a) within 20 days from the service of a notice of demand for arbitration, the parties will select a panel of 3 AAA arbitrators; (b) within 20 days after selection of the arbitrators, the parties will conduct a pre-arbitration conference at which a schedule of pre-arbitration discovery will be set, all pre-arbitration motions scheduled and any other necessary pre-arbitration procedural matters decided; (c) all discovery will be completed within 20 days following the pre-arbitration conference; (d) all pre-arbitration motions will be filed and briefed so that they may be heard no later than 15 days following the discovery cut-off; (e) the arbitration will be scheduled to commence no later than 10 days after the decision on all pre-arbitration motions but in any event no later than 3 months following the service of the

demand for arbitration; and (f) the arbitrators will agree to hear the claim on successive days and will render their written decision within 15 days following the submission of the matter. Such arbitration will be final and binding on Buyer and Seller, no appeals may be taken therefrom, and judgment upon any award rendered may be entered in any court having jurisdiction therefore.

8.3 Public Announcements.

Neither Buyer nor Seller will, without the approval of the other party (which may not be unreasonably withheld), make any press release or other public announcement concerning these transactions, except as and to the extent that such party will be so obligated by law, in which case the other party will be advised and Buyer and Seller will use their best efforts to cause a mutually agreeable release or announcement to be issued.

8.4 Binding Effect. This Agreement shall be binding on and shall enure to the benefit of the heirs, executors, administrators, successors, and permitted assigns of the parties hereto.

8.5 Governing Law.

This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflicts of law provisions.

8.6 Notices.

All notices or other communications required or permitted hereunder will be in writing and will be deemed given when delivered personally, by registered or certified mail, by legible facsimile transmission or by overnight courier (fare prepaid) addressed as follows:

If to Buyer, to:

Alarm Security Group, LLC  
12301 Kiln Court, Unit A  
Beltsville, Maryland 20705  
Attention: Chief Executive Officer

If to Seller, to:

ASAP Security Services, Inc.  
c/o Stephen W. Cavanaugh  
Cavanaugh, Smith & Lemon, P.A.  
2942A SW Wanamaker Dr., Suite 100

Topeka, KS 66614-4135

Notice will be deemed received the same day (when delivered personally), 5 days after mailing (when sent by registered or certified mail) and the next business day (when delivered by overnight courier or by facsimile transmission). Any party to this Agreement may change its address to which all communications and notices may be sent by addressing notices of such change in the manner provided.

8.7 Assignment; Specific Performance. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of Buyer, Seller and their respective heirs, successors and assigns. Neither this Agreement nor any rights, benefits or obligations set forth herein may be assigned by Seller or Buyer, except that (i) Buyer may assign this Agreement and any of the provisions hereof to any of Buyer's affiliates without the consent of Seller and (ii) Seller may assign this agreement and any of the provisions hereof to an entity owned by the Owners, with the same ownership interests as the Owners have in Seller. In addition, Buyer may assign its rights under this Agreement for collateral security purposes to any lenders providing financing to Buyer (or its permitted assignees) without the consent of Seller. Each of Seller and Buyer acknowledges and agrees that the other parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached. Accordingly, each of Seller and Buyer agrees that the other parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court in the United States or in any state having jurisdiction over the parties and the matter in addition to any other remedy to which they may be entitled pursuant hereto

8.8 Entire Agreement; Amendments.

This Agreement is an integrated document, contains the entire agreement between the parties, wholly cancels, terminates and supersedes any and all previous and/or contemporaneous oral agreements, negotiations, commitments and writings between the parties hereto with respect to such subject matter, including without limitation the term sheet previously executed by Buyer and Seller. No change, modification, extension, termination, notice of termination, discharge, abandonment or waiver of this Agreement or any of its provisions, nor any representation, promise or condition relating to this Agreement, will be binding upon any party unless made in writing and signed by such party. The parties further agree that the prior drafts of this Agreement will not be used to interpret this Agreement and will not be admissible into evidence at any time.

#### 8.9 Interpretation.

Article titles and headings to Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of any of the provisions of this Agreement. All references to Sections and subsections contained in this Agreement refer to the Sections and subsections of this Agreement. All references to Schedules or Exhibits contained in this Agreement are references to the Schedules or Exhibits to this Agreement. All references to the words "include" or "including" mean "including without limitation." Any and all Schedules, Exhibits or certificates referred to in or attached to this Agreement, including the "Background" portion of this Agreement, are incorporated by reference as though fully set forth at the point referred to in this Agreement. There will be no presumption against any party on the ground that such party was responsible for preparing this Agreement or any part of it. All pronouns and any variations thereof will be deemed to refer to the masculine, feminine, neuter, singular or plural as the context may require.

#### 8.10 Waivers.

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, but any such waiver must be in writing. The failure of any party to enforce at any time any provision of this Agreement will not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part of it or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement will be held to constitute a waiver of any other or subsequent breach.

8.11 Expenses. Except as otherwise provided in this Agreement, Buyer, on the one hand, and Seller, on the other hand, will each pay all costs and expenses incident to its negotiation and preparation of this Agreement and to its performance and compliance with all agreements and conditions on its part to be performed or complied with, including the fees, expenses and disbursements of its counsel and accountants; provided that in any action to enforce the terms of this Agreement, the prevailing party in such action will be entitled to recover its reasonable attorneys' fees and costs incurred in connection with such action, together with interest, plus the cost of collection thereof.

#### 8.12 Partial Invalidity.

Wherever possible, each provision will be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of these provisions will, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Agreement, and this Agreement will be construed as if such invalid, illegal or unenforceable provision or provisions

had never been contained herein, unless the deletion of such provision or provisions would result in such a material change as to cause the completion of these transactions to be unreasonable.

8.13 Further Assurances.

From time to time following the Closing Date, either party will: (a) immediately deliver to the other party any cash or other property that it may receive that is for the account of such other party; and (b) at the request of such other party and without further consideration, execute and deliver to such other party such other instruments of conveyance and transfer as such other party may reasonably request or as may be otherwise necessary to more effectively consummate the transactions contained herein. If there is any agreement, contract, lease, or other instrument that is necessary to the transfer or assignment of Customer Contracts to be acquired hereunder that cannot be transferred or assigned effectively without the consent of a third party, whose consent has not been obtained prior to Closing, Seller will cooperate with Buyer at Buyer's request in trying to promptly obtain such consent.

8.14 Counterparts.

This Agreement may be executed in one or more counterparts, each of which will be considered an original instrument and all of which together will be considered one and the same agreement, and will become effective when counterparts, that together contain the signatures of each party hereto, will have been delivered to Buyer and Seller. Delivery of executed signature pages by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

8.15 Third-Party Beneficiaries.

This Agreement will not confer any rights or remedies upon any Person other than the parties to this Agreement and their respective heirs, successors and permitted assigns.

8.16 Confidentiality. After the Closing, Seller shall continue to maintain the confidentiality of all information, documents and materials relating to the Customer Contracts to be acquired, including all such materials which remain in the possession of Seller, except to the extent disclosure of any such information is required by law or authorized by Buyer or reasonably occurs in connection with disputes over the terms of this Agreement, and Buyer shall maintain the confidentiality of all information, documents and materials relating to Seller and Seller's Security Business (other than that relating to the Customer Contracts to be acquired) which Buyer has obtained in connection with this Agreement or with the transactions contemplated herein, except to the extent disclosure of any such information is required by law or authorized by Seller or reasonably occurs in connection with disputes over the terms of this Agreement. In the event that any party reasonably believes after consultation with counsel that it is required by

law to disclose any confidential information described in this Section 8.15, the disclosing party will (a) provide the other party with prompt notice before such disclosure in order that any party may attempt to obtain a protective order or other assurance that confidential treatment will be accorded such confidential information, and (b) cooperate with the other party in attempting to obtain such order or assurance. The provisions of this Section 8.15 shall not apply to any information, documents or materials which are, as shown by appropriate written evidence, in the public domain or, as shown by appropriate written evidence, shall come into the public domain, other than by reason of breach by the applicable party bound hereunder or its Affiliates.

8.17 Non-Competition and Non-Solicitation. As a condition precedent to Buyer to enter into and perform its obligations under this Agreement, Seller and each Owner agrees that:

(a) For a period ending on the two-year anniversary of the Closing Date (the "**Non-Competition Period**"), the Seller shall not knowingly, directly or indirectly, either for itself or himself or for any other Person, own, operate, manage, control, engage in, participate in, invest in, permit its name to be used by, act as consultant or advisor to, render services for (alone or in association with any Person) or otherwise assist in any manner, any Person that engages in or owns, invests in, operates, manages or controls any venture or enterprise which directly or indirectly engages or proposes to engage in (i) the design, merchandising, distribution, service, installation or sale of any of any products or goods designed, merchandised, distributed, serviced, installed or sold in connection with the Security Business prior to the Closing Date (the "**Products**"), or (ii) the provision of any services or the design, manufacture, merchandising, distribution, service, sale or installation of any products or goods that are similar to, may be used as substitutes for, are in competition with or may detract from any of the Products, within the State of Texas.

(b) For the period ending on the two year anniversary of the Closing Date (the "**Owner Non-Competition Period**"), the Owners and their spouses will not knowingly, directly or indirectly, either for themselves or for any other person, own, control or invest in any venture or enterprise which directly or indirectly engages or proposes to engage in (i) the design, merchandising, distribution, service, installation or sale of any products or goods designed, merchandised, distributed, serviced, installed or sold in connection with the security business prior to the Closing Date (the "**Products**"), or (ii) the provision of any services or the design, manufacture, merchandising, distribution, service, sale or installation of any products or goods that are similar to, may be used as substitutes for, are in competition with or may detract from any of the Products, within the State of Texas. Notwithstanding anything to the contrary, the Owners shall be allowed to be an employee of, or act as consultant or advisor to, any person that engages in or owns, invests in, operates, manages or controls any venture or enterprise which directly or indirectly engages or proposes to engage in competition with Buyer as more specifically described in Paragraph 8.17(a), so long as such Owner's primary responsibility is not

direct personal involvement with activities competing directly with Buyer. Buyer agrees that prior to seeking to enforce its remedies for a breach of this Section 8.17(b), it shall provide such Owner with a notice of such breach, and during the 15 days following delivery of such notice Buyer and Owner shall attempt to resolve such situation. If Buyer and such Owner are unable to reach a resolution with respect to such breach within such 15 day period, Buyer shall have the right seek any and all remedies available to it with respect to such breach.

(c) For the period ending on the sixth anniversary of the Closing Date (the “**Non-Solicit Period**”), neither Seller nor any Owner (or their spouse) shall, without the prior written consent of the Buyer, anywhere in the United States of America, directly or indirectly, (i) induce or attempt to induce any employee of the Buyer to leave the employ of the Buyer, or in any way interfere with the relationship between the Buyer and any employee thereof, (ii) hire any person who was an employee of the Buyer within 135 days prior to the time such employee was hired by the Seller or any of the Owners Executive; provided that to the extent Buyer terminates an employee within 30 days of the date of the Closing, the provisions of this Section 8.17(c) shall not apply with respect to such employee, (iii) induce, or attempt to induce, any of Buyer’s Customers (as defined below) in a manner that would cause such customer to cease doing business with Buyer or its subsidiaries or that would in any way interfere with the relationship between Buyer in performing services pursuant to such Customer Contract, or (iv) call on, solicit, or take away, or attempt to call on, solicit, or take away, any of Buyer’s Customers. In this regard and in the specific event that any of Buyer’s Customers calls, writes or otherwise communicates with Seller or either Owner regarding such customer’s Customer Contract, Seller or such Owner, as the case may be, shall not, on its own or anyone else’s behalf, deal or enter into a new Customer Contract with such customer and shall immediately refer such customer to Buyer. As used herein, the term “Buyer’s Customers” means any individual or entity who has a contract for services with Seller which are being sold, assigned and/or transferred to Buyer under this Agreement or any other Agreement as well as any other individual or entity purchasing the services of Buyer at the time of this Agreement or in the future

(d) If, at the time of enforcement of this Section 8.17, a court shall hold that the duration, scope, geographic area or other restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope, geographic area or other restrictions deemed reasonable under such circumstances by such court shall be substituted for the stated duration, scope, geographic area or other restrictions.

(e) Seller and each Owner recognize and affirm that in the event of breach by it of any of the provisions of this Section 8.17, money damages would be inadequate and Buyer would have no adequate remedy at law. Accordingly, Seller and each Owner agree that Buyer shall have the right, in addition to any other rights and remedies existing in its favor, to enforce its rights and Seller’s and the Owners’ obligations under this Section 8.17 not only by an action or actions for damages, but also by an action or actions for specific performance, injunctive

and/or other equitable relief in order to enforce or prevent any violations (whether anticipatory, continuing or future) of the provisions of this Section 8.17 (including, without limitation, the extension of the Non-Competition Period, Owner Non-Competition Period or the Non-Solicitation Period, as applicable, by a period equal to (i) the length of the violation of this Section 8.17 plus (ii) the length of any court proceedings necessary to stop such violation). In the event of a breach or violation by Seller or any Owner of any of the provisions of this Section 8.17, the running of the Non-Competition Period, Owner Non-Competition Period or the Non-Solicitation Period, as applicable (but not of Seller's or any Owner's obligations under this Section 8.17) shall be tolled with respect to Seller during the continuance of any actual breach or violation.

8.18 Exclusivity. None of the Seller, the Owners nor any of their respective representatives, officers, managers, agents, members or Affiliates (collectively such Persons being referred to as the "Seller Group") shall directly or indirectly initiate, solicit, entertain, negotiate, accept or discuss any proposal or offer (a "Proposal") to acquire all or any significant part of the Seller or its assets, whether by merger, purchase of equity securities, purchase of assets, tender offer or otherwise (a "Third Party Acquisition") or to acquire all or any significant part of another business, whether by merger, recapitalization, consolidation, purchase of stock or other equity securities, purchase of assets, tender offer or otherwise (a "Business Purchase"), or provide any nonpublic information to any third party in connection with a Proposal, Third Party Acquisition or Business Purchase, or enter into any agreement, arrangement or understanding requiring either the Owners or the Seller to abandon, terminate or fail to consummate the transactions contemplated hereby. Each of the Owners and the Seller represents that no member of the Seller Group is party to or bound by any agreement with respect to a Proposal, Third Party Acquisition or Business Purchase other than under this Agreement and that each of the Owners and the Seller has terminated all discussions with third parties (other than Purchaser as contemplated by this Agreement) regarding Acquisition Proposals, Third Party Acquisitions and Business Purchases. Each Owner and the Seller agree to notify Buyer immediately upon the receipt of any proposal (whether written or oral), offer, inquiry or contact regarding any of the foregoing.

## 9. TERMINATION.

9.1 Termination. This Agreement may be terminated at any time prior to the Closing only as follows:

- (i) by mutual consent of Buyer and Seller;



(ii) by either Buyer or Seller if there has been a material misrepresentation or breach of warranty or breach of covenant on the part of the other party in the representations and warranties or covenants set forth in this Agreement or if events have occurred which have made it impossible to satisfy a condition precedent to the terminating party's obligation to consummate the transactions contemplated hereby, unless such terminating party's breach of this Agreement has caused the condition to be unsatisfied; or

(iii) by either Buyer or Seller if the transactions contemplated hereby have not been consummated by March 15, 2005; provided, that a party will not be entitled to terminate this Agreement pursuant to this subsection (c) if (i) that party's breach of this Agreement has prevented the consummation of the transactions contemplated hereby at or prior to such time, or (ii) that party has failed to satisfy any condition set forth in Section 5 hereof that such party was required to satisfy.

9.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 9.1 hereof, this Agreement will forthwith become void and there will be no liability hereunder on the part of Seller or Buyer, except for (i) the payment of any Holdback Amount due and payable by Buyer to Seller as provided hereinabove, (ii) the provisions of Sections 7 and 8 hereof, and (iii) any liability for any breach of this Agreement prior to the time of such termination.

9.3 Waiver of Right to Terminate. Seller and Buyer shall be deemed to have waived their respective rights to terminate this Agreement upon consummation of the Closing. No such waiver shall constitute a waiver of any other rights arising from the non-fulfillment of any condition precedent set forth in Article 3 hereof or any misrepresentation or breach of any warranty, covenant or agreement contained herein unless such waiver is made in writing and then any such written waiver shall only constitute a waiver of the specific matters set forth therein.

\* \* \* \*

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

ALARM SECURITY GROUP LLC

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

ASAP SECURITY SERVICES, INC.  
d/b/a PROSTAR SECURITY,

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

\_\_\_\_\_  
Joe Tongish

\_\_\_\_\_  
Bruce Pfaff

\_\_\_\_\_  
Juan Orozco

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

ALARM SECURITY GROUP LLC

By: *Joseph J. Nuccio*  
Name: Joseph J. Nuccio  
Title: PRESIDENT & CEO

ASAP SECURITY SERVICES, INC.  
d/b/a PROSTAR SECURITY,

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

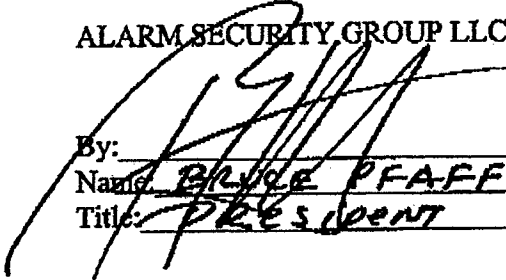
\_\_\_\_\_  
Joe Tongish

\_\_\_\_\_  
Bruce Pfaff

\_\_\_\_\_  
Juan Orozco

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

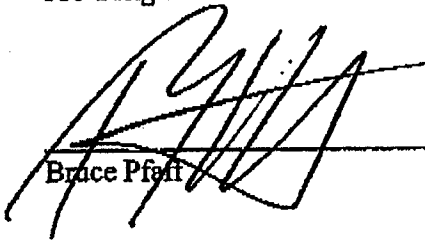
ALARM SECURITY GROUP LLC

By:   
Name: BRUCE PFAFF  
Title: PRESIDENT

ASAP SECURITY SERVICES, INC.  
d/b/a PROSTAR SECURITY,

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

\_\_\_\_\_  
Joe Tongish

  
\_\_\_\_\_  
Bruce Pfaff

\_\_\_\_\_  
Juan Orozco

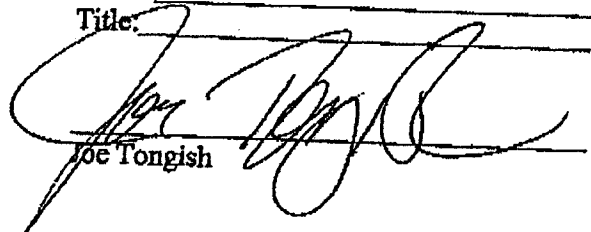
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

ALARM SECURITY GROUP LLC

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

ASAP SECURITY SERVICES, INC.  
d/b/a PROSTAR SECURITY,

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

  
Joe Tongish

\_\_\_\_\_  
Bruce Pfaff

\_\_\_\_\_  
Juan Orozco

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

**ALARM SECURITY GROUP LLC**

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

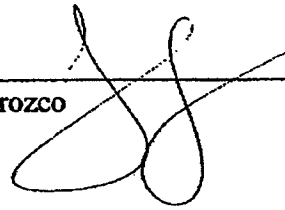
**ASAP SECURITY SERVICES, INC.  
d/b/a PROSTAR SECURITY,**

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

\_\_\_\_\_  
**Joe Tongish**

\_\_\_\_\_  
**Bruce Pfaff**

\_\_\_\_\_  
**Juan Orozco**



K&E 10189832.9

*Signature Page to Asset Purchase Agreement*