

FORM PTO-1595  
(Rev. 03/01)

# RECORDATION FORM COVER SHEET

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

OMB No. 0651-0011 (exp. 5/31/2002)

## PATENTS ONLY

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

**Compu-Shop, Inc.**

Additional name(s) of conveying party(ies) attached?  Yes  No

2. Name and address of receiving party(ies):

Name: **Northcrest Corporation**

Internal Address:

Street Address: **2635 University Avenue**

City: **St. Paul** State: **MN** ZIP: **55114**

Additional name(s) of receiving party(ies) attached?  Yes  No

3. Nature of conveyance:

- Assignment  Merger
- Security Agreement  Change of Name
- Other

Execution Date(s): **June 30, 1999**

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is:

A. Patent Application No(s).

**09/650,439**

B. Patent No(s).

Additional numbers attached?  Yes  No

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

Name: **Steven C. Lieske**

**Oppenheimer, Wolff & Donnelly LLP**

Internal Address: **3300 Plaza VII Building**

Street Address: **45 South Seventh Street**

City: **Minneapolis** State: **MN** ZIP: **55402**

Our File No.: **15068/1**

6. Total number of applications and patents involved: **1**

7. Total Fee (37 CFR 3.41).....40.00.

- Enclosed
- Authorized to be charged to deposit account
- Authorized to charge any underpayment or credit any overpayment to deposit account.

8. Deposit account number:

**50-1901**

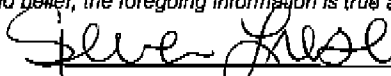
(Attach duplicate copy of this page if paying by deposit account.)

**DO NOT USE THIS SPACE**

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

**Steven C. Lieske**  
Name of Person Signing

  
Signature

**10/16/2001**  
Date

Total number of pages including cover sheet, attachments, and document: **31**

Mail documents to be recorded with required cover sheet information to:  
Commissioner of Patents & Trademarks, Box Assignments  
Washington, D.C. 20231

## LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "Agreement") is made and entered into as of June 30, 1999, by and between Compu-Shop, Inc., a Minnesota corporation (the "Borrower"), Northcrest Corporation, a Minnesota corporation ("Northcrest") and any additional investors listed on Schedule 1 hereto. Northcrest and any additional investors are sometimes individually referred to herein as an "Investor" and collectively referred to as the "Investors".

A. The Borrower wishes to borrow funds from the Investors in such advances as the Borrower may request from time to time in an aggregate amount of up to One Million Dollars (\$1,000,000); and

B. The Investors have agreed to extend such credit to the Borrower, subject to the terms and conditions hereof.

NOW THEREFORE, for and in consideration of the loans and advances to be made by the Investors to the Borrower hereunder, the mutual covenants, promises and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Investors agree as follows:

### 1. DEFINITIONS

The following terms when used in this Agreement will have the following meanings both in the singular and plural forms thereof, except where the context requires otherwise:

"Advance" means any advance of funds by the Investors under the Loan Commitment.

"Advance Warrant" will have the meaning set forth in Section 4.2.

"Affiliate" means, with respect to any party hereto and any Principal Security Holder, any corporation, firm, trust, association, partnership, joint venture or other business entity that directly or indirectly controls, is controlled by or is under common control with such party or Principal Security Holder and, with respect to any Principal Security Holder, any member of such Principal Security Holder's immediate family.

"Agreement" means this Loan and Security Agreement, as originally executed and as may be amended, modified, supplemented, or restated from time to time by written agreement between the Borrower and the Investors.

"ARMS" means the Automated Retail Machines and other equipment manufactured by the Borrower.

"Asset Purchase Agreement" means the Asset Purchase Agreement, dated June \_\_, 1999, between the Borrower and MARS.

"Auth Debenture" means the 9% Convertible Subordinated Debenture, dated May 1996, issued by the Borrower to Thomas Auth in the principal amount of \$125,000.

"Borrower" means Compu-Shop, Inc., a Minnesota corporation.

"Business Day" means any day on which commercial banks are generally open for business.

"Change of Control" means the occurrence, after the date hereof and except as specifically provided for in this Agreement, of any of the following circumstances:

- (i) any person or two or more persons acting in concert (except for Northcrest or its Affiliates) acquire beneficial ownership (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of securities of the Borrower representing 50% or more (on a fully-diluted basis) of the combined voting power of all securities of the Borrower entitled to vote in the election of directors; or
- (ii) the sale of substantially all of the assets of the Borrower; or
- (iii) the initial public offering of the Borrower's Common Stock.

"Collateral" means, collectively, the Primary Collateral and the Secondary Collateral.

"Commitment Warrant" will have the meaning set forth in Section 4.1

"Common Stock" means the common stock, \$0.01 par value, of the Borrower.

"Convertible Securities" means the warrants, options, promissory notes, debentures and other indebtedness held by or owed to the Principal Security Holders and the Other Security Holders as set forth on Exhibit E, regardless of whether such securities are by their terms convertible into Common Stock.

"Default" means any event which if continued uncured would, with notice or lapse of time or both, constitute an Event of Default.

"Event of Default" means any event of default described in Section 6 hereof.

"Guarantor" means Rudy Steury, an individual residing in the State of Minnesota, including his heirs, successors and assigns.

"Guaranty" means the Guaranty, dated as of the date hereof, executed by Rudy Steury in substantially the form attached hereto and Exhibit B agreeing to undertake and answer for the payment of certain of the Borrower's obligations under the Loan Documents.

"Investor" or "Investors" means the parties set forth on Schedule I, as may be amended from time to time.

**"Loan Commitment"** means, with respect to each Investor, such Investor's obligation to extend Advances to the Borrower under Section 2.1.

**"Loan Documents"** means this Loan and Security Agreement, the Loan Note, the Guaranty and the Stock Pledge Agreement, as originally executed and as may be amended, modified or supplemented from time to time by written agreement between the parties thereto.

**"Loan"** means, at any date, the aggregate amount of all Advances made by the Investors to the Borrower pursuant to Section 2 hereof and not repaid.

**"Loan Note"** means the promissory note(s) dated as of the date hereof and substantially in the form attached hereto as Exhibit A made by the Borrower payable to the order of each of the Investors, together with all extensions, renewals, modifications, substitutions and changes in form thereof effected by written agreement between the Borrower and each Investor.

**"Majority-in-Interest"** means any one or more Investor(s) that have loaned to the Borrower more than fifty percent (50%) of the Advances.

**"MARS"** means Minnesota Automated Retail Service, LLC, a Minnesota limited liability company.

**"Material Adverse Occurrence"** means any present occurrence which materially adversely affects the present or prospective financial condition or operations of the Borrower, or which impairs, or may impair, in the reasonable judgment of the Majority-in-Interest of the Investors, the ability of the Borrower to perform its obligations under this Agreement.

**"Maturity"** of the Note means the earlier of (a) the date on which the Note becomes due and payable upon or after the occurrence of an Event of Default; or (b) the Termination Date.

**"Other Security Holders"** means the holders of Convertible Securities, other than the Principal Debt Holders, as set forth on Exhibit E hereto.

**"Percentage Interest"** of each Investor means and reflects the percentage of all Advances made by such Investor pursuant to this Agreement in relation to the total amount of all Advances by all Investors pursuant to this Agreement. The initial Percentage Interest of each Investor is set forth on Schedule I hereto, subject to adjustment pursuant to Section 2.7.

**"Primary Collateral"** means (i) U.S. Patent No. 5499707; (ii) all of the Borrower's right, title and interest in any and all software; (iii) all royalties and accounts receivable existing now or in the future from purchasers of the Borrower's ARMs and (iv) all ARMs owned by the Borrower now or in the future, except the ARMs pledged as security to MARS pursuant to the Asset Purchase Agreement.

**"Principal Security Holders"** means Brad Matushak, Kenneth Norman, Rudy Steury and Jon Wilkie.

“Secondary Collateral” means the ARMs and inventory identified in Exhibit 1.1 to the Asset Purchase Agreement.

“Stock Pledge Agreement” means the Stock Pledge Agreement, dated as of the date hereof, executed by Rudy Steury in substantially the form attached hereto as Exhibit C to secure certain of the Borrower’s obligations to the Investors under the Loan Documents.

“Termination Date” means the earlier of (i) November 30, 2000, unless such date is extended by the Majority-in-Interest of the Investors by written notice prior to such date; or (ii) the date upon which the obligation of the Investors to make Advances is terminated pursuant to Section 2.11.

“Voting Agreement” means the voting agreement, dated June \_\_, 1999, by and among the Company, the Principal Security Holders and any other parties thereto, in substantially the form attached hereto as Exhibit D pursuant to which the Majority-in-Interest of the Investors have the right to elect two (2) members to Borrower’s Board of Directors.

2. THE LOAN

2.1. Loan Commitment. Subject to the Conditions of Lending set forth in Section 5 hereof and as long as no Event of Default has occurred hereunder, each of the Investors agrees to make Advances to the Borrower from the date of this Agreement through the Termination Date. No Investor will be obligated to make any Advance if, after giving effect to such Advance the aggregate outstanding principal amount under the Loan Note issued to such Investor would exceed the amount of such Investor’s Loan Commitment as set forth on Schedule I hereto, as may be amended from time to time.

2.2. Minimum Amount. The Investors will not be required to make any Advance in an aggregate amount less than \$100,000.00, except for the final Advance.

2.3. The Loan Note. All Advances will be evidenced by, and be payable in accordance with, the terms of a Loan Note issued to each Investor; subject, however, to the provisions of the Loan Note to the effect that the amount payable thereunder at any time will not exceed the then unpaid principal amount of all Advances made by the Investors, plus interest thereon.

2.4. Payments and Interest on the Loan Note. The Borrower agrees to repay the principal amount of all Advances, plus accrued interest thereon, as follows:

- (a) Interest on the unpaid principal balance of the Loan Note will accrue at a simple annual rate of ten percent (10%) from the date of each Advance. Interest will be calculated on the basis of 360 days in a year.
- (b) Interest accrued on the amount outstanding under the Loan Note from the date of the initial Advance through December 1, 2000 will become due and payable on December 1, 2000.

- (c) Interest accrued on the amount outstanding under the Loan Note from December 1, 2000 through December 1, 2001 will be payable in four (4) consecutive quarterly installments with the first such payment due March 1, 2001.
- (d) Sixty percent (60%) of the principal amount outstanding under the Loan Note will be payable in ten (10) consecutive quarterly installments in equal principal amounts, plus accrued interest on such amounts from December 1, 2001 through June 1, 2004, with the first such payment due March 1, 2002.
- (e) The remaining principal amount outstanding under the Loan Note, plus accrued interest, will be due and payable on June 1, 2004.

- 2.5. Records of Advances and Payments. The Borrower hereby irrevocably authorizes each Investor to make or cause to be made, at or about the time each Advance is made by such Investor, an appropriate notation on such Investors' records of the principal amount of such Advance and each Investor will make or cause to be made, on or about the time a payment of any principal on the Loan Note is received an appropriate notation of such payment in its records. The aggregate amount of all unpaid Advances set forth on the records of the Investors will be rebuttable presumptive evidence of the principal amount owing and unpaid on the respective Loan Notes. In the event of any discrepancy between the records of the Investors, the records of Northcrest will control.
- 2.6. Manner of Borrowing. The Borrower will give the Investors written or telephonic notice of each requested Advance by not later than 1:00 p.m. on the third Business Day preceding the Business Day on which such Advance is to be made.
- 2.7. Failure to Make Advances. If an Investor fails to make any Advance that such Investor is required to make pursuant to this Agreement within ten (10) days after receipt of Borrower's written request for such Advance, then all warrants issued to such Investor pursuant to Sections 4.1 and 4.2 of this Agreement will cease to be exercisable and will automatically become null and void without any further action by any party. Furthermore, upon any Advance made by less than all of the Investors, the Investors' respective Percentage Interests will be adjusted accordingly to reflect such disproportionate Advance and Schedule I will be amended as necessary to reflect such adjustment.
- 2.8. Payments. Any other provision of this Agreement to the contrary notwithstanding, the Borrower will make all payments of principal on the Loan Note in immediately available funds to the Investors at its office shown on the signature page hereof.
- 2.9. Voluntary Prepayments. The Borrower may prepay the principal and accrued interest on the Loan Note, in whole or in part, provided that all such prepayments are in a minimum amount of \$25,000 and all amounts prepaid will be applied first to accrued and unpaid interest and then to unpaid principal. Prepayments of principal are not subject to any further Advances.

- 2.10. Mandatory Prepayments. All unpaid principal and accrued interest will become immediately due and payable upon a Change of Control, unless waived by a Majority-in-Interest of the Investors in their sole discretion.
- 2.11. Termination. The obligation of the Investors to make Advances will terminate:
- (a) Upon receipt by the Investors of ten (10) days' written notice of termination from the Borrower;
  - (b) Immediately and without further action upon the occurrence of an Event of Default of the nature referred to in clause (b) of Section 6.1; or
  - (c) Immediately when any Event of Default (other than of the nature specified in clause (b) of Section 6.1) will have occurred and be continuing and either (i) the Majority-in-Interest of the Investors will have demanded payment of the Loan Note or (ii) the Majority-in-Interest of the Investors will so elect by giving notice to Borrower for purposes of this clause; or
  - (d) Upon a Change of Control.

### 3. SECURITY

- 3.1. Grant of Security Interest. In order to secure prompt repayment of all Advances and to secure prompt performance by Borrower of each and all of its covenants and obligations under this Agreement, the Borrower hereby grants the Investors a first priority security interest in the Collateral, as more particularly described on Schedule 3.1 attached hereto. The Borrower further grants the Investors a second priority security interest (subordinate to the security interest of MARS granted pursuant to the Asset Purchase Agreement) in the Secondary Collateral. The Investors' security interest in the Collateral will attach to the Collateral without further action on the part of the Investors or the Borrower.
- 3.2. Financing Statements, Etc. The Borrower will execute and deliver to the Investors concurrently with the execution of this Agreement, and at any time or times hereafter at the request of the Majority-Investors, all financing statements, continuation financing statements and all other documents that Majority-in-Interest of the Investors may reasonably request to perfect and maintain perfected the Investors' security interest in the Collateral.
- 3.3. Maintaining Relative Shares. The Investors agree that (i) with respect to all amounts received by them that are applicable to the payment of the Borrower's obligations under the Loan Documents, equitable adjustment will be made so that, in effect, all such amounts will be shared ratably among the Investors in accordance with their Percentage Interests, whether received by voluntary payment, by the enforcement of any or all of the Borrower's obligations under the Loan Documents or by application of the Collateral, and (ii) if any Investor receives an amount in payment of the Borrower's obligations

under the Loan Documents that is greater than such Investor's pro rata share of such payment based on the Investors' respective Percentage Interests, then the Investor receiving such excess payment will purchase, without recourse or warranty, an undivided interest and participation (which such Investor will be deemed to have done simultaneously upon the receipt of such payment) in the Borrower's obligations owed to the other Investors so that all such recoveries with respect to such obligations will be applied ratably in accordance with the Investors' respective Percentage Interests; provided that if all or part of such excess payment received by the purchasing Investor is thereafter recovered from such Investor, then such purchases will be rescinded and the amounts paid for such participation will be returned to the purchasing Investor to the extent necessary to adjust for such recovery.

- 3.4. Protection of Security Interest. In order to protect or perfect its security interest, the Majority-in-Interest of the Investors may, in their sole discretion, discharge any lien or encumbrance with respect to the Collateral, and the costs incurred by each Investor under this Agreement for the same will be deemed an Advance by such Investor under this Agreement.

#### 4. ISSUANCE OF WARRANTS

- 4.1. Commitment Warrants. Upon execution of this Agreement, in consideration for the Investors' commitment to loan funds to the Borrower, the Borrower will issue to each Investor a warrant (a "Commitment Warrant") to purchase such Investor's a pro rata share, based on the Investors' respective Percentage Interests, of a total of One Million (1,000,000) shares of Common Stock at a exercise price of \$0.30 per share. The Commitment Warrants will be exercisable for a period of five years from the date of this Agreement.
- 4.2. Advance Warrants. Upon each Advance, the Borrower will issue to each Investor a warrant (each an "Advance Warrant"), to purchase a number of shares of Common Stock equal to the quotient obtained by dividing 100% of the principal amount of such Investor's Advance by the exercise price of the Advance Warrant. Each Advance Warrant issued will have an exercise price of \$0.30 per share and will be exercisable for a period of five years from the date of this Agreement.
- 4.3. Forfeiture. If any Investor refuses to make an Advance due to the occurrence of an Event of Default by the Company described in Section 6.1(d), then the number of shares available for purchase under the Commitment Warrant issued to such Investor will be reduced by an amount equal to 50% of the difference between such Investor's Loan Commitment and the sum of all Advances made by such Investor; provided, however, that the amount of such reduction will be appropriately adjusted to reflect any stock dividend, stock split, combination of shares, reclassification, recapitalization or other similar event affecting the number of shares available for purchase under the Commitment Warrant (i.e., a 10-for-1 stock split will cause a ten-fold increase in the amount of such reduction).



## 5. CONDITIONS OF LENDING

5.1. Conditions Precedent to the Initial Advance. The obligation of the Investors to make the initial Advance hereunder is subject to the receipt by the Investors of each of the following, unless waived in writing by the Majority-in-Interest of the Investors:

- (a) This Agreement, the Loan Note and the Commitment Warrant, each appropriately completed and duly executed by the Borrower, the Guaranty and the Stock Pledge Agreement each appropriately completed and duly executed by Rudy Steury in his personal capacity and the Voting Agreement appropriately completed and duly executed by the appropriate parties.
- (b) Evidence satisfactory to a Majority-in-Interest of the Investors that the Convertible Securities held by the Principal Security Holders and their respective Affiliates have been either (i) in the case of debt securities, converted into Common Stock at a conversion rate of \$0.30 per share; or (ii) in the case of warrants or options, either exercised on a cashless exercise (or net exercise) basis at an exercise price of \$0.30 per share or terminated;
- (c) Evidence satisfactory to a Majority-in-Interest of the Investors that at least 80% of the aggregate Converted Amount of the Convertible Securities held by the Other Security Holders have been either (i) in the case of debt securities, converted into Common Stock at a conversion rate of \$0.30 per share; or (ii) in the case of warrants or options, either exercised on a cashless exercise (or net exercise) basis at an exercise price of \$0.30 per share or terminated. For the purposes of this Section 4.1(c), the term "Converted Amount" means the unpaid principal and interest of debt securities or, in the case of warrants or options, the total number of shares that may be acquired pursuant to such warrant or option; and
- (d) Such other information as the Majority-in-Interest of the Investors may reasonably request.

5.2. Conditions Precedent to all Loans and Advances. The obligation of the Investors to make any Advance hereunder is subject to the satisfaction of each of the following, unless waived in writing by the Majority-in-Interest of the Investors:

- (a) No Default or Event of Default will have occurred and be continuing;
- (b) No litigation, arbitration or governmental investigation or proceeding will be pending, or, to the knowledge of the Borrower, threatened, against the Borrower or affecting the business or operations of the Borrower which was not previously disclosed to the Investors which, if determined adversely to the Borrower, would have a material adverse effect on the operation or financial condition of the Borrower;
- (c) No Default or Event of Default will result from the making of any such Advance;

- (d) The Board of Directors of the Borrower will have approved any Advance in excess of \$100,000 and the Borrower will have provided evidence of such approval satisfactory to the Majority-in-Interest of the Investors; and
  - (e) The Investors will have received the Advance Warrants for all previous Advances.
- 5.3. Use of Proceeds. The Borrower covenants and agrees to use the proceeds of the initial Advance for the purpose of paying in full (i) the Auth Debenture, (ii) the revolving note, as amended, payable to James J. Phelps, dated July 13, 1998, in the principal amount of \$285,000; and (iii) the note payable to Rudy Steury, dated December, 1998, in the principal amount of \$20,000.

## 6. EVENTS OF DEFAULT AND REMEDIES

6.1. Events of Default. The term "Event of Default" will mean any of the following events:

- (a) The Borrower defaults in the payment when due of any principal or interest on the Loan Note; or
- (b) The Borrower becomes insolvent or generally fails to pay or admit in writing its inability to pay its debts as they become due; or the Borrower applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for itself or any of its property, or makes a general assignment for the benefit of its creditors; or a trustee, receiver or other custodian will otherwise be appointed for the Borrower or any of its assets and not be discharged within thirty (30) days; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding will be commenced by or against the Borrower and be consented to or acquiesced in by the Borrower or remain undismissed for thirty (30) days; or the Borrower will take any corporate action to authorize, or in furtherance of, any of the foregoing; or
- (c) Any judgments, writs, warrants of attachment, executions or similar process (not undisputedly covered by insurance) in an aggregate amount in excess of \$10,000 will be issued or levied against the Borrower or any of its assets and will not be released, vacated or fully bonded prior to any sale and in any event within thirty (30) days after its issue or levy; or
- (d) The occurrence of any Material Adverse Occurrence.

6.2. Remedies. If an Event of Default described in Section 6.1(b) occurs, the full unpaid balance of the Loan Notes and all other obligations of the Borrower to the Investors will automatically be due and payable without declaration, notice, presentment, protest or demand of any kind (all of which are hereby expressly waived) and the obligation of the Investors to make additional Advances will automatically terminate. If any other Event

of Default will occur and be continuing, the Majority-in-Interest of the Investors may terminate Investors' obligation to make additional Advances and may declare the outstanding balance of the Loan Notes and all other obligations of the Borrower to the Investors to be due and payable without further notice, presentment, protest or demand of any kind (all of which are hereby expressly waived), whereupon the full unpaid amount of the Loan Notes and all other obligations of the Borrower to the Investors will become immediately due and payable. Upon any Event of Default, the Investors will be entitled to exercise any and all rights and remedies available at law or in equity for the collection of the Loan Notes and all other obligations of the Borrower to the Investors.

- 6.3. Manufacturing Rights. In addition to the remedies set forth in Section 6.2, if an Event of Default described in Section 6.1(a), (b) or (c) occurs, Northcrest will have the non-exclusive, perpetual, world-wide, fully-paid and royalty-free right and license to use all patents, trademarks, copyrights and other intellectual property rights of the Borrower for any lawful purpose. The rights granted pursuant to this Section 6.3 will be held by Northcrest for the benefit of all Investors under the Agreement.

## 7. MISCELLANEOUS

- 7.1. Business Judgment. The Majority-in-Interest of the Investors will exercise reasonable business judgment with respect to all determinations, judgments or actions required or permitted on the part of the Majority-in-Interest of the Investors.
- 7.2. Waivers, Amendments. The provisions of the Loan Documents may from time to time be amended, modified, or waived, if such amendment, modification or waiver is in writing and signed by the Majority-in-Interest of the Investors. No failure or delay on the part of the Investors or the holder(s) of the Loan Note(s) in exercising any power or right under any Loan Document will operate as a waiver thereof, nor will any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Borrower in any case will entitle it to any notice or demand in similar or other circumstances.
- 7.3. Notices. All communications and notices provided under this Agreement will be in writing and addressed or delivered to the Borrower or the Investors at their respective addresses shown on Schedule I hereto, or to any party at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed properly addressed, will be deemed given upon the second Business Day after the placing thereof in the United States mail, postage prepaid.
- 7.4. Costs and Expenses. The Borrower agrees to pay all expenses for the preparation of this Agreement, including exhibits, and any amendments to this Agreement as may from time to time hereafter be required, and the reasonable attorneys' fees and legal expenses of counsel for Northcrest, from time to time incurred in connection with the preparation and execution of this Agreement and any document relevant to this Agreement, any amendments hereto or thereto, and the consideration of legal questions relevant hereto

and thereto. The Borrower agrees to reimburse Northcrest upon demand for, all reasonable out-of-pocket expenses (including attorneys' fees and legal expenses) in connection with Northcrest's enforcement of the obligations of the Borrower hereunder or under the Loan Note or any other Loan Documents, whether or not suit is commenced including, without limitation, attorneys' fees, and legal expenses in connection with any appeal of a lower court's order or judgment. The obligations of the Borrower under this Section 7.4 will survive any termination of this Agreement.

- 7.5. Severability. Any provision of this Agreement or any Loan Document executed pursuant hereto which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such portion or unenforceability without invalidating the remaining provisions of this Agreement or such Loan Document or affecting the validity or enforceability of such provisions in any other jurisdiction.
- 7.6. Governing Law; Venue. Each Loan Document will be deemed to be a contract made under and governed by the laws of the State of Minnesota. The Borrower hereby consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any controversy related to this Agreement and each other Loan Document to which it is a party, waives any argument that venue in such forums is not convenient and agrees that any litigation instigated by the Borrower against the Investors in connection herewith will be venued the state or federal courts located in Minnesota.
- 7.7. Successors and Assigns. This Agreement will be binding upon and will inure to the benefit of the parties hereto and their respective successors and assigns, except that Borrower may not assign or transfer its rights hereunder without the prior written consent of a Majority-in-Interest of the Investors.
- 7.8. Multiple Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original and all of which will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

**BORROWER:**

COMPU-SHOP, INC  
By: [Signature]  
Its: President

**LENDER:**

NORTHCREST CORPORATION  
By: [Signature]  
James J. Phelps  
Its: \_\_\_\_\_

**ADDITIONAL INVESTORS**

\_\_\_\_\_  
Print Name  
\_\_\_\_\_  
Signature

**SCHEDULE I**

**Investors, Loan Commitments and Percentage Interest**

(As of June 30, 1999)

Name and Address of Investor	Loan Commitment	Percentage Interest
Northerest Corporation 3914 IDS Center 60 South Eighth Street Minneapolis, MN 55402 Attention: James J. Phelps	\$1,000,000	100%
<b>TOTAL:</b>	<b>\$1,000,000</b>	<b>100%</b>

**EXHIBIT A**  
*to Loan and Security Agreement*

**FORM OF LOAN NOTE**

\$ \_\_\_\_\_

\_\_\_\_\_, 1999  
Minneapolis, Minnesota

FOR VALUE RECEIVED, the undersigned Compu-Shop, Inc., a Minnesota corporation (the Borrower"), promises to pay to the order of \_\_\_\_\_ (the "Investor"), on the Termination Date, or other due date or dates determined under the Loan and Security Agreement hereinafter referred to, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), or if less, the then aggregate unpaid principal amount of the Advances (as such capitalized terms are defined in the Loan and Security Agreement referenced below) as may be borrowed from time to time by the Borrower from the Investor under the Loan and Security Agreement. All Advances and all payments of principal will be recorded by the Investor in its records which records will be conclusive evidence of the subject matter thereof, absent manifest error.

The Borrower further promises to pay to the order of the Investor interest on the aggregate unpaid principal amount hereof from time to time outstanding from the date hereof until paid in full at the rates per annum that will be determined in accordance with the provisions of Loan and Security Agreement. Principal and accrued interest will be payable in accordance with the Loan and Security Agreement.

All payments of principal and interest under this Note will be made in lawful money of the United States of America in immediately available funds at such place as may be designated by the Investor to the Borrower in writing.

This Note is the Loan Note referred to in, and evidences indebtedness incurred under, the Loan and Security Agreement dated as of \_\_\_\_\_, 1999 (referred to herein, as it may be amended, modified, supplemented or replaced from time to time, as the "Loan and Security Agreement") among the Borrower, the Investor and the other parties thereto. The terms and conditions under which the Borrower is permitted and required to make prepayments and repayments of principal of such indebtedness and under which such indebtedness may be declared to be immediately due and payable are set forth in the Loan and Security Agreement, the terms and conditions of which are incorporated herein by reference.

All parties hereto, whether as makers, endorsers or otherwise, severally waive presentment, demand, protest and notice of dishonor in connection with this Note.

This Note is made under and governed by the internal laws of the State of Minnesota, as provided for in the Loan and Security Agreement.

COMPU-SHOP, INC.

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

**EXHIBIT B**  
*to Loan and Security Agreement*

**GUARANTY**

THIS AGREEMENT is made and entered into as of June \_\_, 1999 by Rudy Steury ("Guarantor") pursuant to that certain Loan and Security Agreement (the "Loan Agreement"), dated June \_\_, 1999, between Compu-Shop, Inc., a Minnesota corporation (the "Company"), Northcrest Corporation, a Minnesota corporation ("Northcrest") and any additional investors listed on Schedule I to the Loan Agreement. Northcrest and any additional investors are sometimes individually referred to herein as an "Investor" and collectively referred to as the "Investors".

A. Pursuant to the Loan Agreement, the Investors have agreed to loan up to a total of \$1,000,000 (the "Loan") to the Company to be evidenced by a promissory note issued to each Investor (each a "Loan Note").

B. Guarantor, a principal shareholder, executive officer and director of the Company, has agreed to provide a this personal guaranty to the Investors as an inducement for the Investors to make the Loan and this Guaranty is a condition to the Loan;

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

1. Guaranty of Payment. Guarantor hereby unconditionally and irrevocably guarantees to each Investor all amounts due and payable to such Investor by the Company under the Loan Note issued to such Investor ("Obligations"). If any or all of the amounts due under such Loan Note are not paid by the Company when due, then Guarantor will pay to such Investor, within ten (10) days thereafter by check or wire transfer of immediately available funds an amount equal to such unpaid amount of such Obligation.
2. Guaranty Unconditional and Absolute. This Guaranty is unconditional, is effective immediately and will continue to be effective regardless whether: (a) the amount, manner, term or place of the Obligations or any portion thereof is modified, waived or released, (b) the Obligations or any portion thereof are unenforceable, or (c) there is any provision of any law or other defense available to the Company against any Investor. Guarantor hereby expressly waives presentment, demand, notice of nonpayment, dishonor protest, and notice of protest on any and all forms of such indebtedness and also waives notice of acceptance of this Guaranty. The obligations of Guarantor hereunder are absolute and unconditional and are not conditioned upon any Investor proceeding first against the Company. In addition, Guarantor hereby acknowledges and agrees that the amount of his liability hereunder will not be affected or reduced from the actual amount of outstanding Obligations by any modification, reduction or treatment of the same in any case or proceeding under title 11 of the United States Code in which the Company is a debtor.
3. Continuing Guaranty. The Guarantor hereby represents and agrees that this is a present and continuing guaranty of payment and that this Guaranty (a) will be binding upon the



Guarantor and his successors and assigns and (b) will inure to and will be enforceable by the Investors and their successors, transferees and assigns.

4. Irrevocable. This Guaranty is irrevocable. Guarantor may not revoke this Guaranty as long as the Obligations or any portion thereof is outstanding. Revocation of this Guaranty with respect to any Investor may occur only with the prior written consent of such Investor.
5. Acceptance. This Guaranty will be effective upon delivery to the Investors without further act, condition or acceptance by the Investors.
6. Termination. This Guaranty will continue to be effective and will not terminate prior to the time all of the Obligations have been paid in full in cash.
7. Security. The Guarantor's obligations under this Guaranty are secured by the Pledge Agreement, of even date herewith, made by the Guarantor for the benefit of the Investors.
8. Failure Not Waiver; Cumulative Remedies. No failure or delay by the Investors in the exercise of any power, right or remedy under this Guaranty and no course of dealing with respect thereto will: (a) impair such power, right or remedy, (b) be a waiver thereof or be construed to be a waiver thereof or of any default or be an acquiescence therein, and no single or partial exercise of any such power, right or remedy preclude any other or further exercise thereof or any other right, power or privilege. The rights and remedies of the Investors are cumulative, may be exercised singly or concurrently and are cumulative to, and not exclusive of any rights or remedies provided by law or otherwise available.
9. Costs. Guarantor will pay or reimburse the Investors for all costs and expenses including, without limitation, reasonable attorneys' fees and legal expenses incurred by the Investors in connection with the protection, defense, enforcement and collection of this Guaranty (whether or not suit is commenced).
10. Miscellaneous. This agreement will be governed by the laws of the State of Minnesota. The terms of this agreement will be binding on and will inure to the benefit of and be enforceable by the respective heirs, successors and assigns of the parties hereto, provided that it may not be assigned by one party without the prior written consent of the other party hereto. The terms of this agreement may be modified, amended or waived only in a writing signed by the party against whom enforcement of such notification, amendment or waiver is sought.

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

GUARANTOR:

\_\_\_\_\_  
Rudy Steury

**EXHIBIT C**  
*to Loan and Security Agreement*

**PLEDGE AGREEMENT**

THIS PLEDGE AGREEMENT is made and entered into as of June \_\_, 1999, between Rudy Steury ("Pledgor"), Northcrest Corporation ("Northcrest") and any additional Investor listed on the signature page hereof. Northcrest and any such additional Investor are sometimes individually referred to herein as an "Investor" and collectively referred to as the "Investors".

**RECITALS:**

- A. This Pledge Agreement is entered into in connection with the Personal Guaranty, of even date herewith (the "Guaranty"), pursuant to which the Pledgor has guaranteed the obligations of Compu-Shop, Inc., a Minnesota corporation (the "Company") under the Loan and Security Agreement of even date herewith by and among the Company, Northcrest and the Investors (the "Loan Agreement"). Capitalized terms not otherwise defined herein will have the meaning assigned to such terms in the Guaranty.
- B. Set forth on Exhibit A hereto is a description of all of the securities of the Company owned by Pledgor and to be pledged hereunder (the "Pledged Securities").
- C. The Pledgor has previously pledged all or part of the Pledged Securities to James J. Phelps ("Phelps"), the sole shareholder of Northcrest, pursuant to the Pledge Agreement dated July 13, 1998 between the Company and Phelps (the "Prior Pledge Agreement").
- D. In order to secure performance of Pledgor's obligations pursuant to the Guaranty, Pledgor has agreed to pledge the Pledged Securities on the terms and conditions set forth herein.

**AGREEMENT:**

NOW THEREFORE, in consideration of the covenants herein contained and other good and valuable consideration the receipt of which hereby is acknowledged, the parties agree as follows:

1. Deposit by Pledgor. The Pledged Securities, together with assignments for such securities duly endorsed to the Majority-in-Interest (as defined in the Loan Agreement) of the Investors by Pledgor, are being deposited by Pledgor with the Majority-in-Interest of the Investors concurrently herewith to be held as collateral security for the performance of the obligations set forth in Section 3; provided, however, that any Pledged Securities previously deposited with Phelps pursuant to the Prior Pledge Agreement will be deemed to be deposited with the Majority-in-Interest of the Investors pursuant to this Pledge Agreement. Such securities and assignments shall be held and disposed of by the Majority-in-Interest of the Investors in accordance with the terms and provisions of this Agreement. Any (i) share dividends paid with respect to the Pledged Securities, and any replacement certificates issued for the Pledged Securities in any recapitalization of the Company shall be delivered to the Majority-in-Interest of the Investors, together with appropriate stock powers or assignments duly endorsed by Pledgor to

the Majority-in-Interest of the Investors, (ii) all dividends and interest at any time received or receivable by Pledgor in respect of any of the Pledged Securities and (iii) all proceeds of the foregoing shall constitute "Pledged Securities" and shall be subject to all of the provisions of this Agreement.

2. Pledge of Stock. Pledgor pledges and grants to the Investors a continuing security interest in the Pledged Securities.

3. Obligations Secured. The foregoing pledge and security interest are given to secure performance of Pledgor's obligations under the Guaranty, all agreements entered into in connection therewith and all modifications, extensions, renewals and replacements of the foregoing (collectively, "Obligations").

4. Voting Rights. During the term of this pledge, and so long as Pledgor is not in default in the performance of the Obligations, Pledgor shall have the right to vote the Pledged Securities and the Investors shall execute any proxies in favor of Pledgor reasonably requested by Pledgor.

5. Representations and Warranties. Pledgor represents and warrants to the Investors as follows:

5.1. Pledgor owns the Pledged Securities and has the unqualified right to pledge, assign and transfer the Pledged Securities to the Investors, except as may be limited by the Prior Pledge Agreement. There are no outstanding options, warrants, or rights to purchase any of the Pledged Securities. The Pledged Securities are not subject to any security interest, lien, encumbrance, or claim in favor of any third party except Phelps. There are no restrictions upon the transfer of the Pledged Securities and Pledgor has the right to transfer the Pledged Securities free of any encumbrances.

5.2. Each instrument or security included in the Pledged Securities is genuine and what it purports to be and has not been materially altered. The Pledged Securities are validly issued, fully paid, and not subject to calls or assessments.

5.3. Pledgor's execution, delivery, and performance of this Agreement and its obligations under this Agreement will not violate any law, rule, judgment, order, agreement (other than the Prior Pledge Agreement), or instrument to which Pledgor is a party or by which Pledgor is bound.

6. Stock Adjustments. Pledgor agrees that during the term of this pledge, he will not so vote his stock so as to cause the Company to declare stock dividends, issue treasury stock, reclassify, readjust, or otherwise change the stock ownership or capital structure of the Company. In the event that during the term of this pledge, any such stock dividend, issuance of treasury stock, reclassification or readjustment to ownership of stock or to the capital structure is declared or made to or for the benefit of any person whomsoever, or if any subscription warrant or other option is exercisable with respect to the Pledged Securities, all new substituted or additional shares, or other securities, issued by reason of any such dividend, issuance, change or option

shall be delivered to and held by the Majority-in-Interest of the Investors under the term of this Agreement in the same manner as the shares of stock originally pledged hereunder.

7. Covenants of Pledgor. Until the Pledged Securities are released in accordance with the terms of this Agreement, Pledgor covenants and agrees that he will:

7.1. promptly sign and deliver to the Majority-in-Interest of the Investors all stock certificates, assignments, endorsements, instructions to issuers and other parties, and other documents that the Majority-in-Interest of the Investors from time to time may reasonably request to perfect the Investors' security interest in the Pledged Securities or to facilitate transfer of the Pledged Securities;

7.2. not cause or permit any lien, security interest or encumbrance to be placed on any Pledged Securities, except in favor of the Investors under this Agreement;

7.3. not sell, lease, transfer, or assign any Pledged Securities or any interest therein or permit any Pledged Securities to be transferred by operation of law and remain the sole owner of the Pledged Securities;

7.4. furnish the Investors with any information regarding the Pledged Securities as the Investors may reasonably request and shall allow the Majority-in-Interest of the Investors at any reasonable time to inspect Pledgor's records regarding the Pledged Securities;

7.5. except as previously delivered to Phelps pursuant to the Prior Pledge Agreement, promptly deliver to the Majority-in-Interest of the Investors all certificates and other instruments or documents evidencing title or rights to the Pledged Securities, including certificates and other instruments and documents that Pledgor may receive in the future.

8. Rights and Duties of the Investors.

8.1. If Pledgor fails to perform any of its obligations under this Agreement, then the Majority-in-Interest of the Investors may, without giving notice or obtaining the consent of Pledgor, perform that obligation on Pledgor's behalf. This may include, for example, signing stock powers and other documents referenced in this Agreement. To the extent necessary, Pledgor appoints the Majority-in-Interest of the Investors as Pledgor's agent and attorney-in-fact (which appointment shall be deemed coupled with an interest) with full power and authority to perform any of Pledgor's obligations. The Investors are not required to perform an obligation that Pledgor has failed to perform. If the Majority-in-Interest of the Investors do so, it shall not be a waiver of the Investors' right to exercise its remedies hereunder because of Pledgor's failure to perform the Obligations.

8.2. With respect to the custody and preservation of the Pledged Securities in its possession, the Investors' only duty shall be to use reasonable care. The Investors

shall have no obligation to take any steps necessary to preserve rights against prior parties. The Investors shall have no duty to sell any Pledged Securities even if the value thereof declines. The Investors shall have no obligation to exercise, or to notify Pledgor of, any conversion or redemption rights or to take any similar action with regard to any of the Pledged Securities.

9. Events of Default. An "Event of Default" shall occur if:

9.1. Pledgor defaults in the performance of the Obligations and such default continues following any applicable cure period;

9.2. Pledgor defaults in the performance of any of his covenants or agreements pursuant to this Agreement and such default has not been remedied within ten (10) days after the Majority-in-Interest of the Investors notifies Pledgor of such default; or

9.3. any warranty or representation made by Pledgor in this Agreement or in connection the Obligations shall be false or inaccurate in any material respect when made.

10. Remedies. The Investors shall have all of the rights and remedies of a secured party under applicable laws. Without limiting those rights and remedies, upon the occurrence of an Event of Default (as defined in Section 9) the Majority-in-Interest of the Investors may, without giving notice to or obtaining the consent of Pledgor, transfer any of the Pledged Securities into the Investors' name or the name of the Investors' nominee or to cancel or retire any of the Pledged Securities so they are no longer outstanding or take any other actions with respect to the Securities that it chooses. The transfer of the Pledged Securities shall be in full satisfaction of the Obligations. Pledgor shall reimburse the Investors on demand for all reasonable attorney fees, legal expenses, and other expenses that the Investors incur in protecting and enforcing its rights under this Agreement. This includes fees and expenses incurred in trying to obtain possession of Pledged Securities from Pledgor, a trustee or receiver in bankruptcy, or any other person. All expenses incurred by the Investors under this Section shall accrue interest at the Default Rate from the date the expenses are incurred.

11. Performance of Obligations; Release of Pledged Securities. Upon full performance of the Obligations, the Majority-in-Interest of the Investors shall redeliver to Pledgor, the certificate(s) representing the Pledged Securities, together with all stock powers and assignments delivered in connection therewith, and the Majority-in-Interest of the Investors shall cause to be transferred to Pledgor all the Pledged Securities and all rights then held by the Majority-in-Interest of the Investors as a result of this Agreement.

12. Miscellaneous Provisions.

12.1. Notices. All notices, requests, demands and other communications required or permitted to be given hereunder will be in writing and will be deemed to have been duly given if delivered personally or mailed, postage prepaid, by overnight courier or first class, registered or certified mail, and addressed as follows:

- (a) If to Pledgor, to Rudy Steury, at 711 15th Avenue Northeast, Minneapolis, MN 55413.
- (b) If to the Investors, to Northcrest Corporation, at 3914 IDS Center, Minneapolis, MN 55402, Attention: James J. Phelps.

12.2. Entire Agreement. This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to such subject matter.

12.3. Amendment. This Agreement may be amended only in writing signed by the parties hereto.

12.4. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties, their legal representatives, successors and assigns. Neither this Agreement nor any rights or obligations hereunder may be assigned without the written consent of the other parties.

12.5. Benefit. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their permitted successors or assigns, any right, remedies, obligations or liabilities under or by reason of this Agreement.

12.6. Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Minnesota.

12.7. Severability. If any provision of this Agreement is prohibited by or is unlawful under any applicable law or regulation of any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition only, without invalidating the remaining provisions hereof.

12.8. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Pledge Agreement as of the date written above.

PLEDGOR:

\_\_\_\_\_  
Rudy Steury

INVESTORS:

NORTHCREST CORPORATION

By: \_\_\_\_\_  
James J. Phelps

EXHIBIT A

PLEDGED SECURITIES

1. Certificate No. 21, for 323,113 shares of the Company's common stock, issued to Associated Research Engineers, transferred to Rudy Steury pursuant to a stock power dated as of July 14, 1998 (to be canceled upon issuance of Certificate No. 55)
2. Certificate No. 41, for 308,924 shares of the Company common stock, issued to Rudy Steury
3. Certificate No. 46, for 250,000 shares of the Company's common stock, issued to Associated Research Engineers, transferred to Rudy Steury pursuant to a stock power dated as of July 14, 1998 (to be canceled upon issuance of Certificate No. 55)
4. Certificate No. 49, for 1,250,000 shares of the Company's common stock, issued to Rudy Steury
5. Certificate No. 50, for 125,000 shares of the Company's common stock, issued to Rudy Steury
6. Certificate No. 55, for 573,113 shares of the Company's common stock, to be issued to Rudy Steury (not yet issued)
7. All shares of the Company's common stock to be issued to Rudy Steury pursuant to the Conversion Agreement, dated June \_\_, 1999 between the Company and Rudy Steury.
8. Any other securities of the Company owned by the Pledgor as of the date hereof or hereafter acquired

**EXHIBIT D**  
*to Loan and Security Agreement*

**VOTING AGREEMENT**

THIS VOTING AGREEMENT ("Agreement") is made and entered into as of June \_\_, 1999, by and among Compu-Shop, Inc., a Minnesota corporation (the "Company") and certain existing holders of the Company's Common Stock whose names and addresses are listed in Schedule 1 attached hereto (the "Stockholders"). The Company and the Stockholders are individually referred to as a "Party" and collectively referred to as the "Parties."

RECITALS

A. The Company is a party to a Loan and Security Agreement (the "Loan Agreement") between the Company, Northcrest Corporation, a Minnesota corporation ("Northcrest") and any additional investors listed on Schedule I to the Loan Agreement (individually, an "Investor" and collectively, the "Investors").

B. Pursuant to the Loan Agreement, the Investors have agreed to loan funds to the Company subject to the execution and delivery of this Agreement, and this Agreement is entered into pursuant to Section 5.2(f) of the Loan Agreement.

C. Certain capitalized terms used herein without definition have the meanings specified in the Loan Agreement.

AGREEMENT

Accordingly, and in consideration of the foregoing recitals and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

1. Voting Agreement.

1.1. General. Each Stockholder hereby agrees, on behalf of himself, herself or itself and any of such Parties' heirs, beneficiaries, successors or assigns, to vote all shares of the Company's common stock, \$0.01 par value (the "Common Stock") now owned or hereafter acquired of record or beneficially by each such Stockholder (collectively, the "Shares") and to take such other actions as are reasonably necessary to ensure that:

1.1.1. the membership of the Board of Directors of the Company (the "Board") will be no more than five (5);

1.1.2. with respect to any election or maintenance of the members of the Board and pursuant to and subject to the provisions of the Company's Articles of Incorporation, the holders of a majority in interest of the Common Stock, voting together as a single class, will elect to the Board (i) two (2) persons nominated by the Majority-in-Interest (as defined in the Loan Agreement)



of the Investors (the "Investor Directors") and (ii) three (3) additional persons nominated by the Board (or a nominating committee of the Board) (the "Common Directors");

1.1.3. in the event that a vacancy is created on the Board at any time by the death, disability, resignation or removal of any Investor Director or Common Stock Director, that such vacancy will be filled in the manner set forth above.

1.2. Limitation. Except as set forth in this Agreement, each Stockholder will retain at all times the right to vote his, her or its respective shares of the Company's capital stock, in such Stockholder's sole discretion, on all matters that are, at any time and from time to time, presented for a vote to the Company's stockholders generally.

2. Waiver of Right to Abstain or be Absent from a Meeting. Each Stockholder hereby expressly waives any right that such Stockholder would otherwise have to abstain, except as expressly provided herein, from any action taken at, or to be absent from, a duly held meeting of the Company's stockholders related to an election of the members of the Board.

3. Irrevocable Proxy. To secure the obligation of each Stockholder to vote the Shares in accordance with this Agreement, each Stockholder hereby appoints James J. Phelps, from time to time, or his designees, as such Stockholder's true and lawful proxy and attorney with the power to act alone and with full power of substitution, to vote all of the shares in favor of the matters set forth in Section 1 hereof if, and only if, such Stockholder fails to vote all of such Stockholder's shares in accordance with the provisions of Section 1. The proxy and power granted by each Stockholder pursuant to this Section are coupled with an interest and are given to secure the performance of such Party's duties under Sections 1 and 2 of this Agreement. Each such proxy will be irrevocable for the term hereof. The proxy, so long as any Party hereto is an individual, will survive the death, incompetency and disability of such Party or any other individual holder of Shares and, so long as any Party hereto is an entity, will survive the merger or dissolution of such Party or any other entity holding any Shares.

4. Limitations on Transfer. No Stockholder will sell, transfer, assign, distribute or otherwise dispose of such Party's Shares to any person or entity, other than to the Company, unless and until such person or entity agrees in writing to take such Shares subject to, and will accept and agree to be bound in writing by, the terms and conditions of this Agreement, in which such subscribing person will be deemed to be a Stockholder for purposes of this Agreement.

5. Legend. The Company agrees that each certificate evidencing the Shares subject to the provisions of Section 1 of this Agreement and each certificate issued in exchange for or upon the transfer of any such Shares will, during the term of this Agreement, be endorsed with a legend in substantially the following form or to the following effect:

THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY TRANSFER THEREOF ARE SUBJECT TO THE TERMS OF A VOTING AGREEMENT DATED AS OF JUNE \_\_, 1999 BETWEEN COMPU-SHOP, INC. AND CERTAIN OF ITS STOCKHOLDERS (INCLUDING THE HOLDER OF THIS CERTIFICATE). THE VOTING AGREEMENT CONTAINS CERTAIN RESTRICTIONS ON VOTING AND TRANSFER OF THE SHARES. A COPY OF THE VOTING AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY AND WILL BE FURNISHED BY THE COMPANY UPON REQUEST AND WITHOUT CHARGE.

- 6. Effectiveness; Termination. The provisions of this Agreement will be effective immediately upon execution of this Agreement, and will terminate upon the earlier of:
  - 6.1. the closing date of a firm commitment underwriting pursuant to a registration statement under the Securities Act, the public offering price of which is not less than \$5.00 per share, with gross proceeds to the Company of at least \$10,000,000 in the aggregate before deduction of underwriters' commissions and expenses; or
  - 6.2. the tenth anniversary of the date of this Agreement.
  
- 7. Remedies; Specific Performance. The Company and each Party understands and agrees that a breach of the terms and conditions of this Agreement will cause the other Parties irreparable harm which cannot be reasonably or adequately compensated by receipt of money damages at law, and that any Party or Parties may, in their sole discretion, apply to any court of law or equity or competent jurisdiction for specific enforcement, injunctive relief and/or other equitable remedies to prevent or remedy a breach of this Agreement or any part hereof. All rights and remedies herein provided are cumulative and not exclusive of any remedy provided by law or by equity.
  
- 8. Delays or Omissions. Except as expressly provided herein, no delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement will impair any such right, power or remedy of such Party nor will it be construed to be a waiver of any such breach or default, or an acquiescence thereto, or of a similar breach or default thereafter occurring; nor will any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under the Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and will be effective only to the extent specifically set forth in such writing.
  
- 9. Successors and Assigns. The terms and conditions of this Agreement will inure to the benefit of and be binding upon and be enforceable by the respective heirs, successors and assigns of the parties hereto, including the holder or holders from time to time of the shares of Common Stock issued upon the conversion thereof. Any holder of shares of

Common Stock making an assignment in connection with the sale or transfer of only a portion of his, her or its shares will retain his, her or its rights under this Agreement for the shares not sold or transferred. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the Parties or their respective heirs, successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

10. Waivers, Amendments and Approvals. Any term or provision of this Agreement requiring performance by or binding upon the Company or the Stockholders may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only by a writing signed by the Company and the Stockholders holding at least two-thirds (2/3rds) of the Common Stock; provided, however, that the rights of any Party cannot be adversely affected under this Agreement without the consent of such Party, unless the rights of the other Parties are similarly affected. Any amendment or waiver effected in accordance with this Section 10 will be binding upon the Stockholders (including permitted assigns pursuant to Section 9 hereof). Written notice of any such waiver, consent or agreement of amendment, modification or supplement will be given to the Stockholders who have not previously consented thereto in writing.

11. Notices. All notices, requests, consents and other communications required or permitted hereunder will be in writing and will be delivered, or sent by facsimile transmission, or mailed first-class postage prepaid, registered or certified mail, as follows:

11.1. to a Stockholder, addressed to such Stockholder at the address set forth on Schedule 1

11.2. to the Company, to:

Compu-Shop, Inc.  
711 15th Avenue NE  
Minneapolis, MN 55413  
Attention: Rudy Steury  
Fax: (612) 379-1184

and such notices and other communications will for all purposes of this Agreement be treated as being effective or having been given if delivered personally, or, if sent by facsimile transmission or by mail, when received. Any party may change its address for such communications by giving notice thereof to the other parties in conformity with this Section.

12. Severability. Should any one or more of the provisions of this Agreement or of any agreement entered into pursuant to this Agreement be determined to be illegal or unenforceable, all other provisions of this Agreement and of each other agreement entered into pursuant to this Agreement, will be given effect separately from the

provision or provisions determined to be illegal or unenforceable and will not be affected thereby.

13. Attorneys' Fees. Should suit be brought to enforce or interpret any part of this Agreement, the prevailing party will be entitled to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court (including, without limitation, costs, expenses and fees on any appeal). The prevailing party will be the party entitled to recover its costs of suit, regardless of whether such suit proceeds to final judgment. A party not entitled to recover its costs will not be entitled to recover attorneys' fees.
14. Entire Agreement. This Agreement, the schedules hereto, the documents referenced herein and the exhibits thereto, constitute the entire understanding and agreement of the Parties with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the Parties with respect hereto and thereto. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.
15. Governing Law. This Agreement will be governed by and construed in accordance with, the laws of the State of Minnesota.
16. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed to be an original, but all of which taken together will constitute one and the same agreement.

*(Balance of page intentionally left blank.)*

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

COMPANY: COMPU-SHOP, INC.

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

STOCKHOLDERS:

\_\_\_\_\_  
Rudy Steury

\_\_\_\_\_  
Ken Norman

\_\_\_\_\_  
Brad Matushak

\_\_\_\_\_  
Jon Wilkie

\_\_\_\_\_  
William Steury

\_\_\_\_\_  
James J. Phelps

MINNESOTA AUTOMATED RETAIL SERVICES, LLC

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

Its: \_\_\_\_\_

*Signature Page of Voting Agreement*

Schedule 1

## Stockholders

**Names and Addresses of Stockholders:**

Rudy Steury  
711 15th Avenue N.E.  
Minneapolis, MN 55413

Ken Norman  
2714 Patton Road  
Roseville, MN 55113

Brad Matushak  
7456 Washington Ave. So.  
Eden Prairie, MN 55344

Jon Wilkie  
711 15th Avenue N.E.  
Minneapolis, MN 55413

William Steury

James J. Phelps  
c/o Northcrest Corporation  
3913 IDS Center  
80 South Eighth Street  
Minneapolis, MN 55402

MINNESOTA AUTOMATED RETAIL SERVICES, LLC  
711 15th Avenue N.E.  
Minneapolis, MN 55413

**SCHEDULE 3.1**  
*to Loan and Security Agreement*

The Secured Party is granted first priority security interest in: (i) U.S. Patent No.5499707; (ii) all of the Debtor's right, title and interest in any and all software; (iii) all royalties and accounts receivable existing now or in the future from purchasers of the Debtor's Automated Retail Machines and other equipment manufactured by the Debtor ("ARMs") and (iv) all ARMs owned by the Debtor now or in the future, except the ARMs pledged as security to Minnesota Automated Retail Service, LLC, a Minnesota limited liability company ("MARS") pursuant to the Asset Purchase Agreement, dated June \_\_\_\_, 1999 between the Debtor and MARS, as to which the Secured Party is granted a second priority security interest subject only to the security interest of MARS.