

## TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1  
Stylesheet Version v1.2

ETAS ID: TM327579

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	MERGER
<b>EFFECTIVE DATE:</b>	05/07/2010

## CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Iconoculture, Inc.		12/30/2014	CORPORATION: MINNESOTA

## RECEIVING PARTY DATA

<b>Name:</b>	The Corporate Executive Board Company
<b>Street Address:</b>	1919 North Lynn Street
<b>City:</b>	Arlington
<b>State/Country:</b>	VIRGINIA
<b>Postal Code:</b>	22209
<b>Entity Type:</b>	CORPORATION: DELAWARE

## PROPERTY NUMBERS Total: 1

Property Type	Number	Word Mark
<b>Registration Number:</b>	2862098	ICONOCULTURE

## CORRESPONDENCE DATA

**Fax Number:** 6123329081  
*Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.*  
**Phone:** 612/336-4725  
**Email:** rerickson@merchantgould.com  
**Correspondent Name:** Danielle I. Mattessich  
**Address Line 1:** P.O. Box 2910  
**Address Line 4:** Minneapolis, MINNESOTA 55402-0910

<b>ATTORNEY DOCKET NUMBER:</b>	17038.0213US01
<b>NAME OF SUBMITTER:</b>	Danielle I. Mattessich
<b>SIGNATURE:</b>	/daniellemattessich/
<b>DATE SIGNED:</b>	12/30/2014

## Total Attachments: 70

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TRANSFER OF TRADEMARK OWNERSHIP

Iconoculture, Inc. ("Iconoculture"), a corporation once organized under the laws of Minnesota, having a principal place of business at 244 1st Avenue, N., Suite 200, Minneapolis, Minnesota 55401, is the record owner of the "intellectual property" listed in Appendix A.

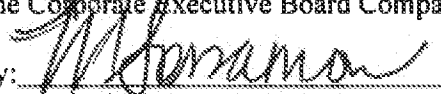
On May 7, 2010, Iconoculture merged into The Corporate Executive Board Company, a corporation organized under the laws of Delaware, having a principal place of business at 1919 North Lynn Street, Arlington, Virginia 22209. A copy of the merger documents from the Secretary of State of Minnesota is attached. As a result of the merger, the intellectual property listed in Appendix A was transferred to The Corporate Executive Board Company, together with the goodwill and other incidents of business associated with or symbolized by said intellectual property.

The undersigned being warned that willful false statements and the like are punishable by fine or imprisonment, or both, under 18 U.S.C. 1001, and that such willful false statements and the like may jeopardize the validity of the application or document or any registration resulting there from, declares that all statements made of his/her own knowledge are true; and all statements made on information and belief are believed to be true.

Date: 12/30/2014

The Corporate Executive Board Company

By:



Signature

Melinda Sossaman / Associate General Counsel  
Printed Name & Title

APPENDIX A

Mark	Ref. No.	Class & Goods/Services	Status
ICONOCULTURE	Reg. No. 2862098	16 - Books and newsletters in the field of cultural trends and business marketing consulting 35 - Providing an on-line computer database featuring trade information in the field of cultural trends and business marketing services and business marketing consulting services 41 - Providing electronic newsletters by subscription in the field of cultural trends and business marketing consulting	Incontestable

7U-947

State of Minnesota

**SECRETARY OF STATE**

Certificate of Merger

I, Mark Ritchie, Secretary of State of Minnesota, certify that: the documents required to effectuate a merger between the entities listed below and designating the surviving entity have been filed in this office on the date noted on this certificate.

Merger Filed Pursuant to Minnesota Statutes, Chapter: 302A

State of Formation and Names of Merging Entities:

MN: ICONOCULTURE, INC.  
MN: NLS ACQUISITION CORP.

State of Formation and Name of Surviving Entity:

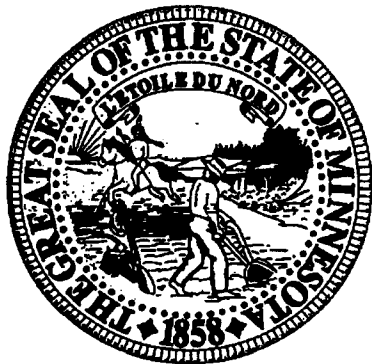
MN: ICONOCULTURE, INC.

Effective Date of Merger: 05/07/2010

Name of Surviving Entity after Effective Date of Merger:

ICONOCULTURE, INC.

This certificate has been issued on: 05/07/2010.



*Mark Ritchie*  
Secretary of State.

TRADEMARK

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ARTICLES OF MERGER  
of  
NLS ACQUISITION CORP.  
into  
ICONOCULTURE, INC.

These Articles of Merger relate to the merger of NLS Acquisition Corp., a Minnesota corporation ("Merger Sub"), with and into Iconoculture, Inc., a Minnesota corporation (the "Company").

1. The Agreement and Plan of Merger, dated as of April 30, 2010, as amended as of May 7, 2010 (the "Plan of Merger"), in fully executed form, is attached hereto as Exhibit A.
2. The Plan of Merger has been approved by each of Merger Sub and the Company pursuant to Chapter 302A of the Minnesota Statutes.
3. In accordance with Section 2.05 of the Plan of Merger and Sections 302A.611, Subd. 1(d), and 302A.641, Subd. 2(f), of the Minnesota Statutes, the articles of incorporation of the Company are hereby amended and restated in their entirety to read as set forth on Exhibit B attached hereto.

DATED: May 7, 2010

NLS ACQUISITION CORP.

By \_\_\_\_\_  
Its CFD

ICONOCULTURE, INC.

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

form 5165923.02

TRADEMARK

REEL: 005432 FRAME: 0169

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DATED: May 7, 2010

NLS ACQUISITION CORP.

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

ICONOCULTURE, INC.

By David J. Blum  
Its CEO

fb.us.3165123.02

TRADEMARK

REEL: 005432 FRAME: 0170



**Exhibit A**

***EXECUTION VERSION***

**AGREEMENT AND PLAN OF MERGER**  
**BY AND AMONG**  
**THE CORPORATE EXECUTIVE BOARD COMPANY,**  
**NLS ACQUISITION CORP.,**  
**ICONOCULTURE, INC.,**  
**AND**  
**WALDENVC, LLC, AS THE SHAREHOLDER REPRESENTATIVE**

**Dated as of April 30, 2010**

**TRADEMARK**

**REEL: 005432 FRAME: 0171**

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**Appendix A - Earn-Out Calculation**

- Exhibit A - List of Securityholders**
- Exhibit B - Articles of Incorporation of the Surviving Company**
- Exhibit C - Surviving Company Directors**
- Exhibit D - Surviving Company Officers**
- Exhibit E - Form of Employer Protection Agreement**
- Exhibit F - Form of Securityholder Written Action**

## AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of April 30, 2010 (this "Agreement"), is entered into by and among The Corporate Executive Board Company, a Delaware corporation (the "Parent"), NLS Acquisition Corp., a Minnesota corporation (the "Merger Sub"); Iconoculture, Inc., a Minnesota corporation (the "Company"), and WaldenVC, LLC, a California limited liability company, in its capacity as the Shareholder Representative.

### RECITALS

WHEREAS, the Company's Board of Directors (the "Company Board") and the Merger Sub's Board of Directors (the "Merger Sub Board") have each determined that it is advisable to, fair to and in the best interests of their respective shareholders for the Merger Sub to merge with and into the Company (the "Merger") upon the terms and subject to the conditions set forth in this Agreement and in accordance with the MBCA;

WHEREAS, the Company Board and the Merger Sub Board have each approved the Merger, upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, as a condition to Parent's and Merger Sub's willingness to enter into this Agreement, simultaneously with or immediately after the execution and delivery of this Agreement, the shareholders listed on Exhibit A (the "Securityholders"), who collectively own (i) approximately 95% of the issued and outstanding Common Stock (on an as-converted basis) and (ii) approximately 95% of the issued and outstanding Preferred Stock, are executing and delivering or will execute and deliver an unconditional written action approving this Agreement and the transactions contemplated hereby, including the Merger (the "Securityholder Written Action");

WHEREAS, Parent's Board of Directors (the "Parent Board") has approved the Merger Sub entering into this Agreement; and

WHEREAS, the Company, Shareholder Representative, Parent and the Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with the transactions contemplated hereby and also to prescribe various conditions to the consummation of the transactions contemplated hereby;

NOW, THEREFORE, in consideration of the foregoing recitals and the representations, warranties, covenants and agreements contained herein, and subject to the terms and conditions set forth herein, the Company, Shareholder Representative, Parent and the Merger Sub hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

##### Section 1.01 Definitions.

"Accounts Receivable" means (a) all trade accounts receivable and other rights to payment from customers of the Company, (b) all other accounts or notes receivable of the Company and the full benefit of all security for such accounts or notes, and (c) any claim, remedy or other right related to any of the foregoing.

**"Adjusted Holdback Amount"** means the Holdback Amount, less amounts (if any) (x) distributed to Parent prior to the Holdback Release Date in accordance with Section 2.13(c) and Article IX, and (y) representing Pending Claims.

**"Affiliate"** means, with respect to any Person, any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For these purposes, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management of any Person, whether through the ownership of voting securities, by contract or otherwise.

**"Affiliated Group"** means any affiliated group within the meaning of Section 1504(a) of the Code or any affiliated, combined, consolidated, unitary or similar group under state, local or foreign Tax law.

**"Articles of Merger"** has the meaning set forth in Section 2.03 of the Agreement.

**"Bookings"** has the meaning set forth in Appendix A to this Agreement.

**"Business Day"** means any day except a Saturday, Sunday or other day on which commercial banking institutions in the State of Minnesota are required or authorized by applicable Law or executive order to be closed.

**"Cash Consideration"** means \$16,500,000 (as adjusted pursuant to Section 2.14) minus the Company Transaction Costs.

**"Cash Contribution"** has the meaning set forth in Appendix A to this Agreement.

**"Closing"** means the consummation of the transactions contemplated by the Agreement, including the Merger.

**"Closing Date Consideration"** means the Cash Consideration *minus* the Dissenting Shareholder Payment Amount, if any, and *minus* the Representative Fund Amount.

**"Code"** means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder, each as amended from time to time.

**"Company 2010 Budget"** means the Company's operating budget for the year ended December 31, 2010, attached hereto as Section 1.01(a) of the Company Disclosure Letter.

**"Company ERISA Affiliate"** means any trade or business, whether or not incorporated, which is treated as a single employer with the Company pursuant to Subsections (b), (c), (m) or (o) of Section 414 of the Code.

**"Company Material Adverse Effect"** with respect to the Company, means any change, circumstance, effect or state of facts that, individually or in the aggregate, has a material adverse effect on the business, condition (financial or otherwise) or results of operations of the Company, provided, however, that Company Material Adverse Effect shall exclude any adverse changes or conditions as and solely to the extent such changes or conditions relate to or result from general economic conditions or other conditions generally affecting the industry in which the Company operates (so long as such conditions do not disproportionately and adversely affect the Company as compared to similarly situated businesses).

**"Company Option Merger Consideration"** means, with respect to each share of Common Stock subject to each unexercised Company Option terminated pursuant to Section 2.11(b)(i) as of the Effective Time, an amount equal to (i) the per share Cash Consideration based upon the number of shares of Fully Diluted Company Common Stock minus (ii) the exercise price of such Company Option minus (iii) the per share portion of the Holdback Amount plus (iv) if and when payable, the per share portion of any Adjusted Holdback Amount and/or any Earn-Out Consideration.

**"Company Options"** means options to acquire Company Stock issued pursuant to the employee and director stock option plans of the Company or under any individual consultant, employee or director agreements.

**"Company Representatives"** means any officers, employees, accountants, financial advisors, legal counsel, consultants, agents or representatives of the Company.

**"Company Transaction Costs"** means (i) the payments to be made by the Company relating to the provision of personal services as a result of the consummation of the transactions contemplated hereby as set forth in Section 1.01(b) of the Company Disclosure Letter and (ii) the aggregate amount of all payments due to the holders of the Company Options under Section 2.11(b)(ii) and Section 2.11(b)(iii) of the Company Disclosure Letter.

**"Consent"** means agreements, from the parties to those Contracts which by their terms terminate, are modified, have payments or other obligations which may be accelerated, or specifically require consent of another Person upon consummation of one or more of the transactions contemplated by the Agreement, consenting to the transactions contemplated by the Agreement without any amendment or modification of the Contract.

**"Continuing Employee"** means any Person who is employed by the Company as of the Effective Time (including Persons on disability leave or leave of absence, whether paid or unpaid, and including those jointly employed by the Company and Administaff pursuant to the PEO Agreement).

**"Contract"** means any agreement, lease, license, note, mortgage, indenture, contract or other legally binding obligation.

**"Dissenting Shareholder Payment Amount"** means the portion of the Cash Consideration that would have been payable to all Dissenting Shareholders if such Dissenting Shareholders had not exercised their respective dissenters' rights.

**"Equity Interest"** means any share, capital stock, partnership, member or similar interest in any entity and any option, warrant, right or security convertible, exchangeable or exercisable therefor.

**"ERISA"** means the Employee Retirement Income Security Act of 1974 and the rules and regulations promulgated thereunder, each as amended from time to time.

**"ERISA Benefit Plan"** means an employee benefit plan, program or other arrangement (including without limitation any deferred compensation, retiree medical or life insurance, supplemental retirement or severance arrangement) that is an "employee pension benefit plan" (as defined in Section 3(2) of ERISA), or that is an "employee welfare benefit plan" (as defined in Section 3(1) of ERISA).

**"Exchange Act"** means the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, each as amended from time to time.

**"Fully Diluted Company Common Stock"** means the sum of (i) the total number of shares of Company Common Stock outstanding immediately prior to the consummation of the transactions contemplated by this Agreement plus (ii) the number of shares of Company Common Stock underlying Company Options outstanding immediately prior to the Effective Time (other than the shares underlying the Company Options subject to the provisions of Section 2.11(b)(ii) and (iii) hereof).

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

**"Governmental Authority"** means any federal, state, local or foreign government, or political subdivision thereof, or any multinational organization or authority or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or Taxing authority or power, any court or tribunal (or any department, bureau or division thereof).

**"Hazardous Substances"** means chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum and petroleum products, asbestos or other substances that may have an adverse effect on human health or the environment.

**"Holdback Amount"** means One Million Five Hundred Thousand Dollars (\$1,500,000).

**"Holdback Release Date"** means April 1, 2011.

**"Intellectual Property"** means any and all of the following in any jurisdiction throughout the world, and all corresponding rights, presently or hereafter existing, whether arising by operation of law, contract, license or otherwise: (a) all trademarks, service marks, designs, trade names, trade dress, logos, slogans, business names, corporate names, domain names and all other indicia of origin, together with all translations, adaptations, derivations, and combinations thereof, all applications, registrations, and renewals in connection therewith, and all goodwill associated with any of the foregoing; (b) all works of authorship (whether or not copyrightable), copyrights (including "look-and-feel"), database rights and moral rights, and all registrations and applications to register or renew the registration of any of the foregoing; (c) all inventions (whether or not patentable or reduced to practice), all improvements thereto, and all patents, patent applications and patent disclosures, together with all reissues, continuations, continuations-in-part, revisions, divisionals, extensions, and reexaminations in connection therewith; (d) all trade secrets, know-how, technologies, processes, techniques, protocols, methods, algorithms, layouts, drawings, plans, specifications, methodologies, ideas, research and development, and confidential information (including technical data, customer lists, pricing and cost information, and business and marketing plans and proposals); (e) all software (including source code, executable code, systems, tools, data, databases, firmware, and related documentation); (f) all other proprietary and intellectual property rights; and (g) all copies and tangible embodiments or descriptions of any of the foregoing (in whatever form or medium).

**"IRS"** means the United States Internal Revenue Service and any successor thereto.

**"Knowledge of Parent"** means, as to a particular fact or other matter, the actual knowledge (after reasonable inquiry) of Jesse Levin, Fernando Correa, Joyce Liu and Blair Housley.

**"Knowledge of the Company"** means, as to a particular fact or other matter, the actual knowledge (after reasonable inquiry) of any executive officer of the Company.

**"Law"** means any federal, state, local, municipal, foreign, international, multinational, territorial or other administrative order, constitution, law, ordinance, rule, regulation, requirement, permit,



authorization, statute or treaty and any guidance issued thereunder, including any transitional relief or rules provided in connection therewith.

**"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 the Company.

**"Leases"** means all leases, subleases, licenses, concessions and other agreements (written or oral) pursuant to which the Company holds any Leased Real Property, including the right to all security deposits and other amounts and instruments deposited by or on behalf of the Company thereunder.

**"Licenses"** means permits, licenses, certifications, approvals, registrations, consents, authorizations, exemptions and orders required, issued or granted by any Governmental Authority.

**"Lien"** means any pledge, mortgage, title defect or objection, claim, lien, charge, encumbrance or security interest of any kind or nature.

**"Loss"** means claims, losses, liabilities, damages, debt, Taxes, interest and penalties, costs and expenses, including reasonable out-of-pocket attorneys' fees and expenses.

**"MBCA"** means the Minnesota Business Corporation Act.

**"Multiemployer Plan"** has the meaning set forth in Section 3(37) of ERISA.

**"Order"** means any award, decision, decree, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by, or any agreement entered into with, any court, administrative agency or any other Governmental Authority or arbitrator.

**"PEO Agreement"** means the Client Service Agreement between Administaff Companies II, L.P. and the Company, effective as of January 1, 2004, including the exhibits, attachments and addenda thereto.

**"Permitted Liens"** means (i) statutory liens for Taxes, assessments or other charges by Governmental Authorities not yet due and payable, (ii) mechanics', materialmen's, carriers', workmen's, warehousemen's, repairmen's and similar liens granted or which arise in the ordinary course of business and securing obligations not yet due and payable, (iii) the interest of a landlord under a lease or a licensor under a license, (iv) such other Liens or imperfections (other than in Intellectual Property) that are not material in amount or do not materially detract from the value of or materially impair the existing use of the property affected by such Lien or imperfection, and (v) any Liens set forth on Section 1.01(c) of the Company Disclosure Letter.

**"Person"** means any individual, corporation, partnership, association, trust, unincorporated organization, limited liability company, other entity or Governmental Authority.

**"Pre-Closing Taxes"** means (i) all Taxes (or the non-payment thereof) of the Company attributable to any Pre-Closing Tax Period; (ii) all Taxes (or the non-payment thereof) of any member of an affiliated, consolidated, combined or unitary group of which the Company is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 or any analogous or similar state, local, or foreign Tax Law or regulation, and (iii) all Taxes (or the non-payment thereof) of any Person (other than the Company) imposed on the Company as a transferee or successor, by Contract or pursuant to any Law, rule or regulation, which Taxes relate to an event or transaction

occurring prior to Closing. In the case of any taxable period that includes (but does not end on) the Closing Date (a "Straddle Period"), the amount of any Taxes based on or measured by income or receipts of the Company for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the taxable period of any partnership or other pass-through entity in which the Company holds a beneficial interest shall be deemed to terminate at such time) and the amount of other Taxes of the Company that relate to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction, the numerator of which is the number of days in the taxable period ending on and including the Closing Date and the denominator of which is the number of days in the entire taxable period.

"Pre-Closing Tax Period" means any taxable period or portion thereof ending on or before the Closing Date. If a taxable period begins on or before the Closing Date and ends after the Closing Date, then the portion of the taxable period through the end of the Closing Date constitutes a Pre-Closing Tax Period.

"Pro Rata Interest" means, with respect to a Shareholder, the percentage of the Closing Date Consideration that would be payable to such Shareholder at the Closing if the Closing Date Consideration were distributed to all Shareholders pursuant to the Company's articles of incorporation, determined after giving effect to payments (if any) by Parent or the Surviving Company of Company Option Merger Consideration made pursuant to Section 2.11(b)(i)(A) to the former holders of Company Options.

"Proceeding" means any action, arbitration, claim, complaint, criminal prosecution, demand letter, governmental or other examination or investigation, hearing, inquiry, administrative or other proceeding.

"SEC" means the United States Securities and Exchange Commission and any successor thereto.

"Securities Act" means the Securities Act of 1933 and the rules and regulations promulgated thereunder, each as amended from time to time.

"Shareholder" means any holder of Company Stock (other than the Dissenting Shareholders, the Company, Merger Sub or Parent) immediately prior to the Effective Time, including the Securityholders.

"Subsidiary" means, with respect to any Person, a corporation or other entity of which fifty percent (50%) or more of the voting power of the equity securities or equity interests is owned, directly or indirectly, by such Person.

"Takeover Proposal" means any inquiry, proposal or offer from any Person relating to, in a single transaction or series of related transactions, any direct or indirect acquisition or purchase of twenty percent (20%) or more of the assets of the Company or twenty percent (20%) or more of the voting power of the Company Stock then outstanding.

"Target Working Capital Ratio" means fifty-four percent (54%).

"Tax" (and with the corresponding meaning "Taxes" and "Taxable") means all (i) United States federal, state or local or non-United States taxes, assessments, charges, duties, levies or other similar governmental charges of any nature, including all income, franchise, profits, capital gains, capital stock, transfer, sales, use, occupation, property, excise, severance, windfall profits, stamp, stamp duty reserve, license, payroll, withholding, ad valorem, value added, alternative minimum, environmental, customs, social security (or similar), unemployment, sick pay, disability, registration and other taxes, assessments, charges, duties, fees, levies or other similar governmental charges of any kind whatsoever, whether

disputed or not, together with all estimated taxes, deficiency assessments, additions to tax, penalties and interest; (ii) any liability for the payment of any amount of a type described in clause (i) arising as a result of being or having been a member of any consolidated, combined, unitary or other group or being or having been included or required to be included in any Tax Return related thereto; and (iii) any liability for the payment of any amount of a type described in clause (i) or clause (ii) as a result of any obligation to indemnify or otherwise assume or succeed to any such liability of another Person.

**"Tax Return"** means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

**"Taxing Authority"** shall mean the IRS and any other United States federal, state, local or non-United States Governmental Authority responsible for the administration of any Tax.

**"Working Capital Ratio"** means, with respect to the Company, the ratio obtained by dividing (i) the Company's (x) current assets (including for this purpose any current Tax assets) and (y) cash and cash equivalents by (ii) the Company's current liabilities (including for this purpose any current Tax liabilities but excluding for this purpose the Company Transaction Expenses), including deferred revenue, each as reflected on the Company's Closing Date balance sheet. Except as expressly provided above or otherwise in this Agreement, the foregoing shall be determined in accordance with GAAP applied on a consistent basis consistent with the methodologies, practices and principles used in the preparation of the Company Financial Statements.

Section 1.02 **Terms Defined Elsewhere.** The following terms are defined elsewhere in this Agreement, as indicated below:

<b>"Actual Working Capital Ratio"</b>	Section 2.14(a)
<b>"Audited Financial Statements"</b>	Section 3.06
<b>"Basket"</b>	Section 9.02(b)
<b>"Certificates"</b>	Section 2.09(a)
<b>"Closing Date"</b>	Section 2.02
<b>"Closing Date Statement"</b>	Section 2.14(a)
<b>"Common Stock"</b>	Section 3.02(a)
<b>"Company"</b>	Preamble
<b>"Company Benefit Plan"</b>	Section 3.10(a)
<b>"Company Board"</b>	Recitals
<b>"Company Consents"</b>	Section 6.01(a)
<b>"Company Disclosure Letter"</b>	Article III
<b>"Company Financial Statements"</b>	Section 3.06
<b>"Company Intellectual Property"</b>	Section 3.18(b)
<b>"Company License"</b>	Section 3.11
<b>"Company Requisite Approvals"</b>	Section 3.20
<b>"Company Stock"</b>	Section 3.02(a)
<b>"Company Systems"</b>	Section 3.18(e)
<b>"Confidentiality Agreement"</b>	Section 6.04
<b>"Covered Persons"</b>	Section 5.08(a)
<b>"Disclosure Document"</b>	Section 5.05(a)
<b>"Dissenting Shares"</b>	Section 2.07(a)
<b>"Dissenting Shareholders"</b>	Section 2.07(a)
<b>"Effective Time"</b>	Section 2.03
<b>"Excess Amount"</b>	Section 2.14(c)

<u>"Fundamental Representations"</u>	Section 9.01(a)
<u>"Holdback Release Date"</u>	Section 2.13(c)
<u>"Indemnification Cap"</u>	Section 9.02(b)
<u>"Indemnified Party"</u>	Section 9.05
<u>"Indemnifying Party"</u>	Section 9.05
<u>"Interim Financial Statements"</u>	Section 3.06
<u>"Insured Parties"</u>	Section 5.08(c)
<u>"Major Client"</u>	Section 3.21
<u>"Material Contracts"</u>	Section 3.12
<u>"Merger"</u>	Recitals
<u>"Merger Consideration"</u>	Section 2.08(a)
<u>"Merger Sub"</u>	Preamble
<u>"Merger Sub Board"</u>	Recitals
<u>"Neutral Accountant"</u>	Section 2.14(b)
<u>"Notice"</u>	Section 2.14(b)
<u>"Notice Period"</u>	Section 2.14(b)
<u>"Interim Financial Statements"</u>	Section 3.06
<u>"Parent"</u>	Preamble
<u>"Parent Board"</u>	Recitals
<u>"Parent Indemnified Parties"</u>	Section 9.02(a)
<u>"Permitted Amounts"</u>	Section 6.09(d)
<u>"Permitted Jurisdictions"</u>	Section 6.09(d)
<u>"Preferred Stock"</u>	Section 3.02(a)
<u>"Representative Fund"</u>	Section 5.07(c)
<u>"Representative Fund Amount"</u>	Section 5.07(c)
<u>"Resolution Period"</u>	Section 2.14(b)
<u>"Securityholder"</u>	Recitals
<u>"Securityholder Indemnified Parties"</u>	Section 9.03
<u>"Securityholder Written Action"</u>	Recitals
<u>"Series A Preferred"</u>	Section 3.02(a)
<u>"Series B Preferred"</u>	Section 3.02(a)
<u>"Series C Preferred"</u>	Section 3.02(a)
<u>"Shareholder Representative Expenses"</u>	Section 5.07(c)
<u>"Surviving Company"</u>	Section 2.01
<u>"Third Party Claim"</u>	Section 9.05
<u>"Transfer Taxes"</u>	Section 6.03
<u>"Transmittal Instructions"</u>	Section 2.09(a)
<u>"WARN Act"</u>	Section 3.17(b)

## ARTICLE II

### THE MERGER

Section 2.01 **Merger.** Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the MBCA, at the Effective Time, the Merger Sub shall be merged with and into the Company. As a result of the Merger, the separate corporate existence of the Merger Sub shall cease and the Company shall continue as the surviving corporation of the Merger (the "Surviving Company").

Section 2.02 **Closing.** The Closing shall be held at such time, date (the "Closing Date") and location as may be mutually agreed by Parent and the Company. In the absence of such agreement, the

Closing shall take place at 9:00 a.m. EST on the second (2nd) Business Day after satisfaction or waiver of the conditions set forth in Article VII below (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver (to the extent permitted hereunder) of those conditions), unless this Agreement has been theretofore terminated pursuant to Article VIII below, by the release of Closing documents by the parties to each other after delivery thereof by overnight courier, or by such other means or upon such later date or time as is agreed upon by the parties.

Section 2.03 Effective Time. Upon the terms and subject to the conditions set forth in the Agreement, on the Closing Date, the parties shall cause the Merger to be consummated by filing Articles of Merger (the "Articles of Merger"), and any other required documents, in such form as required by, and executed in accordance with the relevant provisions of, the MBCA (the time of such filing and acceptance by the Minnesota Secretary of State, or such later time as may be agreed in writing by Parent and Company and specified in the Articles of Merger, being referred to herein as the "Effective Time").

Section 2.04 Effect of the Merger. At the Effective Time, the Merger shall have the effect provided in this Agreement and the applicable provisions of the MBCA. Without limiting the generality of the foregoing, at the Effective Time, except as otherwise provided herein, all of the property, rights, privileges, powers and franchises of the Merger Sub and the Company shall vest in the Surviving Company, and all debts, liabilities, obligations and duties of the Merger Sub and the Company shall become the debts, liabilities, obligations and duties of the Surviving Company.

Section 2.05 Surviving Company's Organizational Documents. At the Effective Time, the articles of incorporation of the Company shall be amended and restated in their entirety to read as set forth on Exhibit B hereto, and, as so amended and restated, shall be the articles of incorporation of the Surviving Company until thereafter changed or amended as provided therein or by applicable law. The bylaws of Merger Sub, as in effect immediately prior to the Effective Time, shall be the bylaws of the Surviving Company until thereafter changed or amended as provided therein or by applicable law.

Section 2.06 Surviving Company's Directors and Officers. The directors of Merger Sub immediately prior to the Effective Time (and identified as Surviving Company Directors in Exhibit C hereto) shall be the initial directors of the Surviving Company, each to hold office in accordance with the articles of incorporation and bylaws of the Surviving Company. The Persons identified in Exhibit D hereto as Surviving Company Officers shall be the initial officers of the Surviving Company, each to hold office in accordance with the articles of incorporation and bylaws of the Surviving Company.

Section 2.07 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without action on the part of any of Parent, the Merger Sub, the Company or its shareholders, the following shall occur:

(a) Conversion of Company Stock. Each share of Company Stock issued and outstanding immediately prior to the Effective Time (other than any shares of Company Stock ("Dissenting Shares") that are held by shareholders exercising dissenters' rights pursuant to Sections 302A.471 and 302A.473 of the MBCA in accordance with Section 2.10 ("Dissenting Shareholders")), shall be cancelled, retired and shall cease to exist and shall be converted into and represent, upon surrender of a Certificate formerly representing such share in the manner provided in this Agreement, the right to receive the Merger Consideration set forth in Section 2.08.

(b) Merger Sub. At the Effective Time, each share of common stock, par value \$0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and be exchanged for one newly and validly issued, fully paid and nonassessable share of common stock of the Surviving Company.

Section 2.08 Calculation and Payment of the Closing Date Consideration.

(a) The consideration for all of the Company Stock (the "Merger Consideration"), shall be comprised of (1) the Cash Consideration (as adjusted pursuant to Section 2.14), (2) the Adjusted Holdback Amount as and to the extent payable, and (3) the Earn-Out Consideration, if any, as and to the extent payable. The Merger Consideration shall be paid in accordance with this Section 2.08.

(b) At least three (3) days prior to the Closing Date, the Company shall deliver to Parent and Merger Sub a schedule setting forth (i) the Cash Consideration payable to each Shareholder and, insofar as is known to the Company, each Dissenting Shareholder (if any), (ii) the Pro Rata Interest of each such Shareholder and (iii) the Company Transaction Costs payable at or immediately following Closing (including the Persons such Company Transaction Costs are payable to and the date such Company Transaction Costs are to be paid) (the "Allocation Schedule"). For purposes of the Allocation Schedule, the portion of the Cash Consideration payable in respect of each share of Company Stock shall be determined as if the Cash Consideration were distributed to all Shareholders and Dissenting Shareholders (if any) pursuant to the terms of the Company's articles of incorporation (assuming, for purposes of such calculation only, that any Dissenting Shareholders were entitled only to their *pro rata* share of the Cash Consideration).

(c) Subject to the terms and conditions of this Agreement, at the Effective Time, Parent shall pay, or cause to be paid, (i) the Closing Date Consideration by wire transfer of immediately available funds to an account designated by the Shareholder Representative at least three (3) days prior to Closing for the benefit of the Shareholders, (ii) the Dissenting Shareholder Payment Amount (if any) by wire transfer of immediately available funds to an account designated by the Company at least three (3) days prior to Closing for payment to any Dissenting Shareholder in accordance with Section 2.10, (iii) the portion of the Company Transaction Costs payable at or immediately after Closing by wire transfer of immediately available funds to an account (or accounts) designated by the Company at least three (3) days prior to the Closing for payment to the applicable Persons set forth in the Allocation Schedule, and (iv) the Representative Fund Amount by wire transfer of immediately available funds to the Representative Fund designated by the Shareholder Representative at least three (3) days prior to Closing.

(d) Subject to Section 2.13, on the Holdback Release Date, Parent shall pay or cause to be paid, by wire transfer of immediately available funds in accordance with wire instructions provided by the Shareholder Representative at least three (3) days prior to the Holdback Release Date, the Adjusted Holdback Amount to the Shareholder Representative, for and on behalf of the Shareholders, and the Shareholder Representative shall distribute such amount to the Shareholders based upon their respective Pro Rata Interests.

(e) Parent shall pay (or cause the Company to pay) those amounts set forth on Section 2.08(e) of the Company Disclosure Letter, as and when due.

Section 2.09 Exchange Procedures.

(a) Surrender Procedures. At or prior to the Effective Time, the Company shall cause to be mailed to each record holder, as of the Effective Time, of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Company Stock (the "Certificates"), (i) a letter of transmittal (including an appropriate IRS form W-9 or W-8) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Merger Consideration (collectively, the "Transmittal Instructions"). The Transmittal Instructions shall be in a form and substance acceptable to Parent. Upon surrender of a Certificate for cancellation to the Company together with such Transmittal Instructions, properly completed and duly executed, the holder of such Certificate

shall be entitled to receive in exchange therefor their share of the Cash Consideration specified in Section 2.08. No interest shall be paid or accrued on the cash payable upon the surrender of a Certificate. In the event of a transfer of ownership of shares of Company Stock which shall not have been registered in the transfer records of the Company, the Merger Consideration may be issued to a transferee if the Certificate representing such shares of Company Stock is presented to the Company, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer Taxes have been paid. Until surrendered as contemplated by this Section 2.09(a), each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration or the right to demand to be paid the "fair value" of the shares represented thereby as contemplated by Section 2.10.

(b) No Further Rights in the Company Stock. As of the Effective Time, all Company Stock shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, except for the right to receive (i) the consideration provided under this Agreement and (ii) in the case of Company Stock on the relevant record date, any dividend or other distribution with respect to Company Stock with a record date occurring prior to the Effective Time.

(c) Termination of Exchange Fund. Any portion of the Closing Date Consideration that remains undistributed to the former holders of the Company Stock for twelve (12) consecutive months after the Effective Time shall be delivered to Parent, upon demand, and any holders of the Company Stock who have not theretofore complied with this Section 2.09 shall thereafter look only to Parent and the Surviving Company to claim the Merger Consideration owed to them hereunder, without interest thereon.

(d) No Liability. Notwithstanding anything herein to the contrary, neither Parent nor the Surviving Company shall be liable to any holder of Company Stock for any cash or other payment delivered to a Governmental Authority pursuant to any abandoned property, escheat or similar Laws.

(e) Withholding Rights. Parent, Merger Sub and the Surviving Company shall be entitled to deduct and withhold from any amounts otherwise payable pursuant to this Agreement to any Person such amounts as Parent, Merger Sub or the Surviving Company is required to deduct and withhold with respect to the making of such payment under the Code, or any other provision of applicable Law, and Parent, Merger Sub or the Surviving Company shall timely pay over such withheld amounts to the appropriate Governmental Authority. Any amounts so withheld shall be treated as paid to such Person for all purposes of this Agreement.

(f) Lost, Stolen or Destroyed Certificate. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if requested by Parent, the posting by such Person of a bond, in such reasonable amount as Parent may direct, the Company will pay, in exchange for such lost, stolen or destroyed Certificate, the Merger Consideration to be paid in respect of the Company Stock represented by such Certificate.

Section 2.10 Dissenters' Rights. Notwithstanding anything in this Agreement to the contrary, if any Dissenting Shareholder shall demand to be paid the "fair value" of its Dissenting Shares, as provided in Sections 302A.471 and 302A.473 of the MBCA, such Dissenting Shares shall not be converted into or exchangeable for the right to receive the Merger Consideration (except as provided in this Section 2.10) and shall entitle such Dissenting Shareholder only to payment of the fair value of such Dissenting Shares, in accordance with Sections 302A.471 and 302A.473 of the MBCA, unless and until such Dissenting Shareholder withdraws or effectively loses the right to dissent. The Company shall not, except with the prior written consent of Parent, voluntarily make any payment with respect to, or settle or

offer to settle, any such demand for payment of fair value of Dissenting Shares prior to the Effective Time. The Company shall give Parent notice thereof prior to the Effective Time and Parent shall have the right to participate at its own expense in all negotiations and Proceedings with respect to any such demands. If any Dissenting Shareholder shall have effectively withdrawn or lost the right to dissent, then as of the later of the Effective Time or the occurrence of such event, the Dissenting Shares held by such Dissenting Shareholder shall be cancelled and converted into and represent the right to receive the Merger Consideration pursuant to Section 2.08 and such Dissenting Shareholder shall be considered to be a "Shareholder" hereunder.

**Section 2.11 Company Options.**

(a) At or prior to the Effective Time, the Company shall take all actions necessary (including obtaining any necessary participant consents, and determinations and/or resolutions of the Company Board or a committee thereof) such that all of the provisions of this Section 2.11 shall apply without limitation. In addition to the foregoing, prior to the Effective Time, the Company shall terminate all equity incentive plans of the Company, effective not later than immediately prior to the Effective Time. The Company shall provide Parent with documentation evidencing the completion of the foregoing actions (the form and substance of such documentation shall be subject to review and approval by Parent, such approval not to be unreasonably withheld or delayed) not later than the Business Day preceding the Effective Time.

(b) At the Effective Time, each Company Option, whether vested or unvested, that is outstanding and unexercised immediately prior thereto shall become fully vested and exercisable. Upon the Effective Time, all outstanding Company Options that have not been exercised as of the Effective Time shall cease to be exercisable and shall automatically be terminated and retired without any further action of the Company, Parent or the Surviving Company, and each holder of any such Company Option shall cease to have any right with respect thereto, except as provided in this Section 2.11. To the extent that any Company Option is not exercised prior to the Effective Time and is terminated consistent with the preceding sentence, each holder of such terminated Company Options shall be entitled to receive a cash payment or payments in accordance with the provisions of this Section 2.11(b).

(i) Except for the Company Options subject to the provisions of Section 2.11(b)(ii) and (iii) hereof, the holder of a terminated Company Option shall be entitled to receive an aggregate cash amount (without interest and subject to applicable withholding Taxes) equal to the product of (A) the Company Option Merger Consideration, multiplied by (B) the number of shares of Company Common Stock underlying such terminated Company Option immediately prior to the Effective Time. The foregoing aggregate cash amount shall be paid as follows:

(A) As soon as administratively practicable following the Effective Time, such holder shall be entitled to receive a cash amount equal to the excess, if any, of the per share Cash Consideration (as adjusted pursuant to Section 2.14) over the exercise price of each terminated Company Option of such holder multiplied by the number of shares of Company Common Stock underlying such terminated Company Option immediately prior to the Effective Time. To the extent that the exercise price of any such terminated Company Option is equal to or greater than the per share Cash Consideration (as adjusted pursuant to Section 2.14) with respect to the shares of Company Common Stock underlying the terminated Company Option, the holder of such terminated Company Option shall not be entitled to receive any payment whatsoever under this Section 2.11(b)(i)(A).

(B) Upon the release of any Adjusted Holdback Amount and/or the payment of any Earn-Out Consideration (as applicable) in accordance with the provisions of this Agreement, the portion of such amounts allocable to terminated Company Options under this Section



2.11(b)(i) shall be transferred by the Surviving Company to its payroll agent, and such holder shall be entitled to receive, as soon as administratively practicable thereafter and in accordance with the Company's normal payroll practices as in effect from time to time, a cash amount equal to the excess, if any, of the sum of the per share Cash Consideration, the per share Adjusted Holdback Amount and the per share Earn-Out Consideration (if any), as applicable, over the sum of the exercise price of each terminated Company Option of such holder, plus the per share amount previously paid pursuant to Section 2.11(b)(i)(A) hereof and this Section 2.11(b)(i)(B), multiplied by the number of shares of Company Common Stock underlying such terminated Company Option immediately prior to the Effective Time. For the avoidance of doubt, to the extent that the exercise price of any such terminated Company Option is equal to or greater than the sum of the per share Cash Consideration, the per share Adjusted Holdback Amount and the per share Earn-Out Consideration (if any), with respect to the shares of Company Common Stock underlying the terminated Company Option, the holder of such terminated Company Option shall not be entitled to receive any payment whatsoever under this Section 2.11(b)(i)(B).

(ii) The holders of the Company Options described in Section 2.11(b)(ii) of the Company Disclosure Letter whose Company Options are cancelled pursuant to this Section 2.11(b) shall not be entitled to the amounts described in Section 2.11(b)(i) hereof, and shall instead be entitled to receive, as soon as administratively practicable following the Effective Time, the cash amount (without interest and subject to applicable withholding Taxes) set forth on Section 2.11(b)(ii) of the Company Disclosure Letter.

(iii) Each holder of a Company Option described in Section 2.11(b)(iii) of the Company Disclosure Letter, whose Company Options are cancelled pursuant to this Section 2.11(b), shall not be entitled to the amounts described in Section 2.11(b)(i) or Section 2.11(b)(ii) hereof, and shall instead be entitled to receive, as soon as administratively practicable following the Effective Time, consideration with a value of \$100 (grossed up to account for Taxes applicable to such payment, and without interest and subject to applicable withholding Taxes).

Section 2.12 Stock Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and thereafter, there shall be no further registration of transfers of shares of Company Stock theretofore outstanding on the records of the Company. From and after the Effective Time, the holders of Certificates shall cease to have any rights with respect to such shares of Company Stock except as otherwise provided herein or by Law. On or after the Effective Time, any Certificates presented to the Company or Parent for any reason shall be converted into the Merger Consideration except as otherwise provided herein or by Law.

Section 2.13 Holdback.

(a) The Company acknowledges, understands, consents and agrees that, upon the consummation of the transactions contemplated by this Agreement, Parent shall defer payment of the Holdback Amount to the extent such amount would otherwise be payable to the Shareholders as consideration for their Pro Rata Interests pursuant to the terms hereof.

(b) The Holdback Amount shall be used to satisfy (i) Losses, if any, for which any Parent Indemnified Party is entitled to indemnification or reimbursement in accordance with Article IX hereof, and (ii) the amount of any post-Closing adjustments owed pursuant to Section 2.14.

(c) Subject to Article IX, Parent shall release the Adjusted Holdback Amount to the Shareholders in accordance with Section 2.08(d); provided that if on the Holdback Release Date any claim by any Parent Indemnified Party has been made that could result in Losses and Parent has notified the Shareholder Representative of such claim in writing (a "Pending Claim"), then there shall be withheld

from the distribution to the Shareholders an amount of the Adjusted Holdback Amount necessary to cover all Losses that may reasonably result from all such Pending Claims until final resolution of each such Pending Claim in accordance with Article IX hereof.

Section 2.14 Working Capital Adjustment.

(a) As promptly as practicable (but in no event later than ninety (90) days after the Closing Date), Parent shall deliver to the Shareholder Representative a statement (the "Closing Date Statement") setting forth a calculation, with reasonable supporting detail, of the Working Capital Ratio of the Company as of the close of business on the Closing Date (the "Actual Working Capital Ratio").

(b) Until such time as the calculation of the amounts shown on the Closing Date Statement are final, binding and conclusive on the parties in accordance with this Section 2.14, the Shareholder Representative and its accountants shall be permitted to discuss with Parent and the Surviving Company and their respective accountants (with such accountants' consent) the proposed Closing Date Statement, and shall be provided copies of, and have access upon reasonable notice at all reasonable times during normal business hours to, the work papers (provided the Shareholder Representative has delivered a release satisfactory to the accounting firm which prepared the working papers if so requested by such accounting firm) and supporting records of Parent and the Surviving Company so as to allow the Shareholder Representative and its accountants to become informed concerning all matters relating to the preparation of the Closing Date Statement and the accounting procedures, methodologies, tests and approaches being used in connection therewith. If the Shareholder Representative has any objections to the Closing Date Statement as prepared by Parent, the Shareholder Representative shall, within thirty (30) days after the Shareholder Representative's receipt of the Closing Date Statement (the "Notice Period"), give written notice (the "Notice") to Parent specifying in reasonable detail (to the extent practicable based on the information available) such objections and the basis therefor. If the Shareholder Representative does not deliver the Notice within such thirty (30) day period, Parent's determinations on the Closing Date Statement shall be final, binding and conclusive on the Company, Shareholder Representative (on behalf of the Shareholders) and Parent. If the Shareholder Representative provides a Notice within such thirty (30) day period, then (i) any amounts on the Closing Date Statement not objected to in the Notice shall be final, binding and conclusive on the Company, Shareholder Representative (on behalf of the Shareholders) and Parent and (ii) the Shareholder Representative and Parent shall negotiate during the thirty (30) day period (the "Resolution Period") after the date of Parent's receipt of the Notice to resolve any disputes regarding the amounts set forth in the Notice. If the Shareholder Representative and Parent are unable to resolve all such disputes within the Resolution Period, then within five (5) Business Days after the expiration of the Resolution Period, all unresolved disputes shall be submitted to an independent accounting firm mutually satisfactory to Parent and the Shareholder Representative (the "Neutral Accountant"), who shall be engaged to provide a final, binding and conclusive resolution of all unresolved disputes within thirty (30) Business Days after such engagement. Within ten (10) days after the Neutral Accountant is appointed, Parent shall forward a copy of the Closing Date Statement to the Neutral Accountant, and the Shareholder Representative shall forward a copy of the Notice, as well as, in each case, any relevant supporting documentation. The Neutral Accountant's role shall be limited to resolving such objections. In resolving such objections, the Neutral Accountant shall apply the provisions of this Agreement concerning determination of the Closing Date Statement. The Neutral Accountant shall promptly provide written notice of its resolution of such objections to Parent and Shareholder Representative and the resulting adjustments shall be deemed finally determined for purposes of Section 2.14. The Neutral Accountant shall be instructed to use reasonable efforts to perform its services within thirty (30) days of submission of the statement(s) and objection(s) to it and, in any case, as soon as practicable after such submission. In resolving any disputed item, the Neutral Accountant: (x) shall limit its review to matters specifically set forth in the Notice as a disputed item, and (y) shall further limit its review to whether the Closing Date Statement is mathematically

accurate and has been prepared in accordance with the terms of this Agreement. If the Neutral Accountant selected as described above is unable or unwilling to act when called upon pursuant to this Section, then the parties shall promptly appoint a substitute to act in substitution for the original designee (or if no substitute is so appointed within fifteen (15) days, then such dispute shall be resolved by a single arbitrator, sitting in Minneapolis, Minnesota, appointed by the American Arbitration Association upon application by the parties), and, upon acceptance of such appointment, such substitute or arbitrator so appointed, shall, for purposes of this Agreement, be deemed to be the Neutral Accountant, as applicable, and the time periods prescribed above in this Section 2.14(b) shall run from the date of such substitute's or arbitrator's acceptance of appointment hereunder. The fees and expenses of the Neutral Accountant shall be borne by the parties in proportion to the amounts by which their proposals differed from the Neutral Accountant's final determination. In connection with the resolution of any dispute, each party (the Shareholder Representative on one hand and Parent on the other) shall pay its own fees and expenses, including without limitation, legal, accounting and consultant fees and expenses. Notwithstanding anything to the contrary in this Agreement, any disputes regarding amounts shown in the Closing Date Statement shall be resolved as set forth in this Section 2.14(b).

(c) If the Actual Working Capital Ratio is more than the Target Working Capital Ratio, then Parent shall pay or cause to be paid within five (5) Business Days from the date on which the Actual Working Capital Ratio is finally determined pursuant to Section 2.14 (b), by wire transfer of immediately available funds, an amount equal to the amount that the Current Assets would need to be decreased so that the Actual Working Capital Ratio would equal the Target Working Capital Ratio (the "Excess Amount"), to an account designated by the Shareholder Representative, for and on behalf of the Shareholders, and the Shareholder Representative shall distribute such amount to the Shareholders in accordance with their Pro Rata Interest as shown on the Allocation Schedule; provided, however, that the Excess Amount actually paid to the Shareholders shall not exceed \$4,000,000.

(d) If the Target Working Capital Ratio is more than the Actual Working Capital Ratio, then Parent shall have the right to recover from the Holdback Amount, an amount equal to the amount that the Current Assets would need to be increased so that the Actual Working Capital Ratio would equal the Target Working Capital Ratio and the Holdback Amount shall be reduced by a corresponding amount.

(e) If the Actual Working Capital is equal to the Target Working Capital no payment shall be made.

(f) The parties agree that the amounts due pursuant to Section 2.14(c) and (d) may be netted, and only the net amount need be paid. If the Holdback Amount is insufficient to cover all amounts due to Parent pursuant to this Section 2.14, then Parent shall be entitled to recover the deficiency from any Earn-Out Consideration actually earned pursuant to Section 2.15. Any amounts due from the Holdback Amount, the Earn-Out Consideration (if any) or from the Shareholders pursuant to this Section 2.14 shall not be subject to any of the limitations or other procedures set forth in Article IX.

Section 2.15 Earn-Out Consideration. In addition to the Closing Date Consideration, the Shareholders shall be entitled to additional consideration as follows:

(a) If the Bookings and Cash Contribution for the year ended December 31, 2010 (the "Earn-Out Period") exceeds the amounts set forth on Appendix A for such period, then the Shareholders shall be entitled to receive additional consideration equal to the earn-out payment set forth on Appendix A (the "Earn-Out Consideration"); provided that in no event shall the aggregate amount of Earn-Out Consideration payable to the Shareholders exceed \$5,000,000. Any Earn-Out Consideration

payable hereunder shall be paid to the Shareholder Representative for distribution to the Shareholders in accordance with their respective Pro Rata Interests.

(b) Not later than March 1, 2011, Parent shall prepare (or cause the Company to prepare) and deliver to the Shareholder Representative a statement setting forth the Bookings and Cash Contribution of the Company for the Earn-Out Period together with a calculation of the Earn-Out Consideration, if any, payable with respect to such Earn-Out Period (the "Earn-Out Statement"). Unless the Shareholder Representative disputes Parent's determination of the Bookings and Cash Contribution and Earn-Out Consideration for the Earn-Out Period in accordance with the provisions of Section 2.15(c), Parent's determination shall be conclusive and binding upon the Shareholder Representative and the Shareholders. Parent shall make available to the Shareholder Representative all books and records maintained by Parent and the Company as the Shareholder Representative may reasonably require in order for Shareholder Representative to review and confirm Parent's calculation of the Bookings and Cash Contribution and Earn-Out Consideration as set forth in the Earn-Out Statement.

(c) In the event that the Shareholder Representative disputes the calculation of the Bookings or Cash Contribution, and the Earn-Out Consideration, the Shareholder Representative shall notify Parent in writing by delivery of a notice (an "Earn-Out Dispute Notice") within thirty (30) Business Days after delivery of the Earn-Out Statement, which Earn-Out Dispute Notice shall set forth in reasonable detail the basis for such dispute. If Parent and the Shareholder Representative cannot mutually agree upon the calculation of the Bookings, Cash Contribution and Earn-Out Consideration within thirty (30) Business Days after delivery of the Earn-Out Dispute Notice, such dispute shall be resolved pursuant to the mechanism set forth in Section 10.14, provided that the Neutral Accountant shall be consulted if the dispute includes issues with respect to the calculation thereof. The Neutral Accountant shall review the Earn-Out Statement and, within twenty (20) Business Days of its appointment, shall make any adjustments necessary thereto (based solely upon the written proposals from the parties with respect to the items in dispute), and, upon completion of such review, such Earn-Out Statement and the calculation of the Bookings, Cash Contribution and Earn-Out Consideration as determined by the Neutral Accountant shall be binding upon the parties. If such a review is conducted, then the party (i.e., Parent, on the one hand, or the Shareholder Representative (on behalf of the Shareholders), on the other hand) whose last proposed written offer for the settlement of the items in dispute, taken as a whole, prior to the engagement of the Neutral Accountant to resolve such dispute was farther away from the final determination by the Neutral Accountant pursuant to the preceding sentence, shall pay all fees and expenses associated with such review.

(d) The Earn-Out Consideration shall be paid to the Shareholder Representative, on behalf of the Shareholders, on the later of (i) April 1, 2011, or (ii) within five (5) Business Days of the final determination of the Earn-Out Consideration in accordance with Section 2.15(c). Subject to Section 2.15(a) and Section 2.15(f), such Earn-Out Consideration shall be delivered by Parent by wire transfer of immediately available funds to an account or accounts designated in writing by the Shareholder Representative.

(e) During the Earn-Out Period, Parent agrees that:

(i) Parent will maintain (or cause the Company to maintain) separate accounting of the Company for purposes of determining the Earn-Out Consideration;

(ii) any expenses incurred by the Company in connection with the transactions contemplated by this Agreement shall be excluded from the calculation of the Bookings and Cash Contribution;

(iii) Parent will permit Company to operate in accordance with the Company 2010 Budget in the ordinary course consistent with past practices, including without limitation with respect to the development of products and pricing; and

(iv) The Company shall be permitted to terminate the employees identified on Section 2.15(e) of the Company Disclosure Letter during the Earn-Out Period without Parent's prior written approval; provided, however, that for any employees not otherwise identified on Section 2.15(e) of the Company Disclosure Letter that the Company wishes to terminate during the Earn-Out Period, the Company will ensure that those decisions are made in accordance with Parent's then-current performance management practices and severance policies.

(f) Buyer may elect to set-off against all or a portion of any Earn-Out Consideration payable to the Shareholders any amount owed to (i) Parent under Section 2.14 or (ii) the Parent Indemnified Parties under the indemnification obligations set forth in Article IX, in each case as and to the extent set forth therein.

Section 2.16 Acknowledgement by Recipient of Merger Consideration. Without limiting any other provision hereof, each Shareholder receiving the Merger Consideration pursuant to Section 2.08(a) shall be deemed to have acknowledged and agreed to be bound by its obligations set forth in this Agreement, including, without limitation, the limited obligation to indemnify Parent Indemnified Parties pursuant to Section 9.02(b) in the manner set forth in Section 9.02(c).

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the corresponding section of the disclosure letter delivered to Parent and the Merger Sub by the Company prior to entering into this Agreement (the "Company Disclosure Letter"), the Company hereby represents and warrants to Parent and the Merger Sub that:

Section 3.01 Organization, Good Standing and Qualification. The Company is validly existing and in good standing under the Laws of Minnesota and has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, validly existing, qualified or in good standing or active status, or to have such power or authority, has not had or would not have a Company Material Adverse Effect. The Company has made available to Parent complete and correct copies of the Company's organizational documents, as amended to date.

Section 3.02 Capitalization.

(a) The authorized capital stock of the Company consists of (x) 7,063,022 shares of preferred stock, par value of \$0.01 per share (the "Preferred Stock") 1,363,022 shares of which are designated Series A Convertible Participating Voting Preferred ("Series A Preferred"), 3,300,000 shares of which are designated Series B Convertible Participating Voting Preferred ("Series B Preferred") and 2,400,000 shares of which are designated Series C Convertible Participating Voting Preferred ("Series C Preferred") and (y) 10,000,000 shares of common stock, par value of \$0.01 per share (the "Common Stock") and collectively with the Preferred Stock, the "Company Stock"). As of the date of this Agreement, there were (i) 2,212,868 shares of Common Stock issued and outstanding, (ii) 1,363,022 shares of Series A Preferred issued and outstanding, (iii) 2,858,998 shares of Series B Preferred issued

and outstanding and (iv) 2,389,484 shares of Series C Preferred issued and outstanding. Except as set forth on Section 3.02(a) of the Company Disclosure Letter, the Company has no outstanding stock options, restricted stock, warrants or other securities exercisable, convertible or exchangeable for or into an Equity Interest of the Company.

(b) All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable and free of preemptive rights. Except as set forth in Section 3.02(a) of the Company Disclosure Letter, there are no options, warrants or other rights, agreements, arrangements or commitments of any character to which the Company is a party or by which the Company is bound relating to the issued or unissued Equity Interest of the Company, or securities convertible into or exchangeable for such Equity Interests, or obligating the Company to issue or sell any shares of its capital stock or other Equity Interests, or securities convertible into or exchangeable for such capital stock of, or other Equity Interests in, the Company. Except as set forth in Section 3.02(b) of the Company Disclosure Letter, there are no outstanding contractual obligations of the Company affecting the voting rights of or requiring the repurchase, redemption or disposition of, any Equity Interests in the Company.

Section 3.03 Subsidiaries. The Company has no Subsidiaries and the Company does not own, directly or indirectly, any capital stock or other ownership interest in any Person.

Section 3.04 Authority: Approval.

(a) The Company has the corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Merger and the other transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Company and, except for the Company Requisite Approval in Section 3.20 and the filing of the Articles of Merger in accordance with the MBCA, no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company and, assuming that this Agreement constitutes the legal, valid and binding obligation of Parent and the Merger Sub, constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(b) The Company Board, at a meeting duly called and held on or prior to the date hereof has (i) determined that this Agreement and the transactions contemplated hereby, including the Merger, are advisable, fair to and in the best interests of the Company and its Shareholders, (ii) approved this Agreement and the transactions contemplated hereby, including the Merger; and (iii) recommended that the Securityholders deliver the Securityholder Written Action, which have not been subsequently rescinded, modified, revoked or abjured in any way.

Section 3.05 Third Party Consents: No Violations.

(a) Except as disclosed in Section 3.05(a) of the Company Disclosure Letter, no notices, reports or other filings are required to be made by the Company with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained, or any actions required to be taken, by the Company from any Governmental Authority or other Person in connection with the execution and delivery or performance of this Agreement by the Company and the consummation by the Company of the Merger and the other transactions contemplated hereby (other than filing of the Articles

of Merger pursuant to the MBCA), except for those that the failure to make or obtain has not had or would not have a Company Material Adverse Effect.

(b) Except as disclosed in Section 3.05(a) of the Company Disclosure Letter, the execution, delivery and performance of this Agreement by the Company do not, and the consummation by the Company of the Merger and the other transactions contemplated hereby will not, constitute or result in (i) a breach or violation of, or a default under, the Company's organizational documents, or (ii) with or without notice, lapse of time or both, a breach or violation of, a termination or default under, the creation or acceleration of any obligations, right to modify, cancel or terminate under or the creation of a Lien on any of the assets of the Company pursuant to (x) any Contract binding upon the Company, (y) to the Knowledge of the Company, any material Law to which the Company is subject or (z) any Company License; for any such breach, violation, termination, default, creation, acceleration or change that would not reasonably be expected to result in a Company Material Adverse Effect.

**Section 3.06 Financial Statements.**

(a) Section 3.06(a)(i) and Section 3.06(a)(ii) of the Company Disclosure Letter contain (i) the audited balance sheets and the related audited income statements, changes in shareholders' equity and cash flow of the Company as of and for the twenty-four (24) month period ended December 31, 2009 (the "Audited Financial Statements"); and (ii) the unaudited consolidated balance sheet of the Company as of March 31, 2010 and the related unaudited consolidated income statements, changes in shareholders' equity and cash flow of the Company as of and for the three-month period then ended (the "Interim Financial Statements," and collectively with the Audited Financial Statements, the "Company Financial Statements").

(b) The Company Financial Statements (including, in each case, any related notes thereto) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto) and each fairly presents in all material respects the consolidated financial position of the Company as of the respective dates thereof and the consolidated results of its operations and cash flows and changes in financial position for the periods indicated, except that the Interim Financial Statements do not contain the notes required by GAAP and are subject to normal and recurring year-end adjustments, which will not be material in amount, either individually or in the aggregate. The Company Financial Statements are consistent with the books and records of the Company (which books and records are in all material respects correct and complete and the transactions entered therein represent bona fide transactions).

**Section 3.07 Absence of Certain Changes.** Since December 31, 2009, (i) there has not been any Company Material Adverse Effect, (ii) the business of the Company has been conducted in the ordinary course consistent with past practice and (iii), except as set forth in Section 3.07 of the Company Disclosure Letter, the Company has not:

(a) sold, leased (as lessor or lessee), assigned, transferred, licensed (as licensor or licensee), failed to maintain, abandoned, let lapse, mortgaged, waived, pledged, encumbered or otherwise disposed of, voluntarily or involuntarily, any of the Company's assets, except to the extent not material to the conduct of the business and in the ordinary course of business consistent with past practices;

(b) undertaken or committed to undertake capital expenditures exceeding \$50,000 in the aggregate;

(c) instituted any material increases in any compensation of any employee other than salary or hourly increases in the ordinary course of business consistent with past practices or pursuant to

employment agreements, or instituted any material increase in any existing, or instituted any new, profit sharing, bonus, incentive, deferred compensation, severance, termination arrangement, insurance, pension, retirement, medical, hospital, disability, welfare or other benefits, except as required to comply with applicable Law;

(d) suffered any material damage, destruction or casualty loss with respect to any property (whether or not covered by insurance);

(e) borrowed any amount or incurred or become subject to any material liabilities (other than liabilities incurred in the ordinary course of business, liabilities under Contracts entered into in the ordinary course of business and borrowings from financial institutions necessary to meet working capital requirements in the ordinary course of business);

(f) made any material changes in accounting principles, practices or methods except as required by Law or GAAP;

(g) to the extent not duplicative of clauses (a) through (f) above, taken, nor has there occurred, any of the actions described in Section 5.02 of this Agreement;

(h) made or changed any election related to Taxes, adopted or changed any accounting method or changed any accounting period for Tax purposes, filed any amended Tax Return, entered into any closing agreement with respect to any Taxes, settled any Tax claim or assessment relating to the Company, surrendered any right to claim a refund of Taxes, consented to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to the Company, or taken any other similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of the Company for any period ending after the Closing Date or materially decreasing any Tax attribute of the Company existing on the Closing Date; or

(i) authorized, approved, agreed or committed to do any of the foregoing.

Section 3.08 Undisclosed Liabilities. Except as disclosed in Section 3.08 of the Company Disclosure Letter, the Company does not have any material liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise), other than liabilities or obligations (i) incurred in the ordinary course of business since December 31, 2009 (excluding liability for breach of contract, infringement or tort), (ii) incurred in connection with the Merger or any other transaction or agreement contemplated by this Agreement or (iii) that were disclosed or reserved against in the balance sheet included in the Audited Financial Statements for the year ended December 31, 2009.

Section 3.09 Litigation. Except as disclosed in Section 3.09 of the Company Disclosure Letter, there is no material Proceeding pending or, to the Knowledge of the Company, threatened against the Company. The Company and its assets are not subject to or bound by any outstanding Order.

Section 3.10 Employee Benefits.

(a) Section 3.10(a) of the Company Disclosure Letter lists and generally describes each of the following arrangements with respect to which the Company or any Company ERISA Affiliate has any obligation, whether absolute, accrued, contingent or otherwise due or to become due: (i) each ERISA Benefit Plan; (ii) each other bonus, incentive, equity and other employee benefit plan, program or arrangement (written or otherwise) that is not an ERISA Benefit Plan (collectively, the "Compensation Plans"); (iii) each written employment, termination, severance and other employment Contract or



arrangement (each, an "Employment Arrangement"); and (iv) each "cafeteria plan" or transportation fringe plan governed by Code Section 125 or Code Section 132(f) (each, a "Flexible Benefit Plan"). For purposes of this Agreement, the ERISA Benefit Plans, the Compensation Plans, the Employment Arrangements and the Flexible Benefit Plans listed in Section 3.10(a) of the Company Disclosure Letter, which shall include any such arrangements maintained by a third party on behalf of the Company or its employees, are collectively referred to as the "Company Benefit Plans".

(b) The Company has made available to Parent a complete and correct copy (to the extent applicable) of (i) each Company Benefit Plan (or, if such Company Benefit Plan is not written, a written summary thereof) and all amendments thereto; (ii) each trust or insurance policy relating to each Company Benefit Plan; (iii) the most recent summary plan description or other written explanation (if any) of each Company Benefit Plan provided to participants; (iv) solely with respect to any ERISA Benefit Plan sponsored by the Company, the three most recent annual reports (Form 5500) filed with the U.S. Department of Labor with respect to each such plan; and (v) the most recent determination letter, if any, issued by the IRS with respect to any Company Benefit Plan intended to be qualified under Section 401(a) of the Code.

(c) (i) Each Company Benefit Plan maintained by or on behalf of the Company or any of the Company ERISA Affiliates has been maintained in compliance with its terms and in all material respects, both as to form and in operation, with the requirements of applicable Law; (ii) all material employer or employee contributions, premiums and expenses to or in respect of each Company Benefit Plan have been paid in full or, to the extent not yet due, have been adequately accrued on the applicable financial statements of the Company included in the Company Reports in accordance with GAAP; and (iii) neither the Company nor any of the Company ERISA Affiliates has at any time during the five (5) year period immediately preceding the date hereof maintained, contributed to, been obligated to contribute to or incurred any liability under any "multiemployer plan" (as defined in Section 3(37) of ERISA) or any ERISA Benefit Plan that is subject to Title IV of ERISA or Section 412 of the Code.

(d) There are no pending or, to the Knowledge of the Company, threatened Proceedings involving a Company Benefit Plan (other than routine claims for benefits payable under any such Company Benefit Plan) that would reasonably be expected to result in a material liability of the Company.

(e) (i) Each Company Benefit Plan intended by its terms to be qualified under Section 401(a) of the Code has been determined by the IRS to be so qualified, a timely application for such determination is now pending or is not yet required to be filed, or the Company or the Company ERISA Affiliate has duly adopted a prototype or volume submitter plan document and is relying on the IRS opinion letter for such document; and, to the Knowledge of the Company, each such Company Benefit Plan is qualified in operation. (ii) Neither the Company nor any of the Company ERISA Affiliates has any liability or obligation under any Company Benefit Plan that is an "employee welfare benefit plan" (as defined in Section 3(1) of ERISA) to provide benefits after termination of employment to any employee or dependent other than as required by Section 4980B of the Code or other applicable Law.

(f) There have been no material "prohibited transactions" (as defined in Sections 406 of ERISA or 4975 of the Code) with respect to any Company Benefit Plan that could reasonably be expected to result in material liability to the Company. No "fiduciary" (as defined in Section 3(21) of ERISA) has any liability, for breach of fiduciary duty or any other failure to act or comply in connection with administration or investment of the assets of any Company Benefit Plan that is an ERISA Benefit Plan, that could reasonably be expected to result in material liability to the Company.

(g) No amounts payable under any of the Company Benefit Plans or any other contract, agreement or arrangement with respect to which the Company is reasonably expected to have any liability could fail to be deductible for United States federal income Tax purposes by virtue of Section 280G of the Code. Except as set forth in Section 3.10(g) of the Company Disclosure Letter, the consummation of the transactions contemplated by this Agreement will not accelerate the time of the payment or vesting of, or increase the amount of, or result in the forfeiture of any compensation or benefits under any Company Benefit Plan.

(h) Notwithstanding the foregoing, the Company's representations in subsections (c)(i), (c)(ii), (d), (e)(i) and (f) of this Section 3.10 are made only to the extent of any obligations, acts, or omissions described in any such subsection that are the responsibility of the Company, any Company ERISA Affiliate, or any employee or director thereof, under any Company Benefit Plan, the PEO Agreement, ERISA, the Code or other applicable Law or agreement.

Section 3.11 Compliance with Laws; Licenses. The Company has complied with all applicable Laws, except for such non-compliance as has not had and would not have a Company Material Adverse Effect. The Company has obtained and is in compliance with all Licenses necessary to conduct its business as presently conducted (each, a "Company License"), except for any failures to have or to be in compliance with such Company Licenses that have not had and would not have a Company Material Adverse Effect.

Section 3.12 Material Contracts.

(a) Section 3.12(a) of the Company Disclosure Letter lists all of the following Contracts to which the Company is a party or by which it is bound (collectively, "Material Contracts"): (i) Contracts for the sale of any of the assets of the Company (other than in the ordinary course) or for the grant to any Person of any preferential rights to purchase any of the Company's assets; (ii) partnership, joint venture and similar Contracts, and Contracts relating to any investment by the Company in another Person; (iii) Contracts containing covenants of the Company not to compete in any line of business or with any Person in any geographical area or that materially restrict the ability of the Company to conduct business or use any of the Company's assets in any geographic region or for a particular use; (iv) Contracts relating to the acquisition by the Company of any operating business or the capital stock of any other Person; (v) Contracts relating to the borrowing of money; (vi) all employment and consulting Contracts; (vii) each profit sharing, stock option, stock purchase, stock appreciation, deferred compensation, severance or other plan or arrangement for the benefit of any current or former directors, officers or employees; (viii) all settlement, conciliation and other similar Contracts, the performance of which will involve payment by the Company after the Closing Date of consideration in excess of \$20,000 or will, after the Closing Date impose (or continue to impose) any injunctive or similar equitable relief on the Company; (ix) lease or agreement under which the Company is lessee of or holds or operates any personal property leases, owned by any other party for which the annual rent exceeds \$50,000; (x) registration rights agreement or any other agreement or arrangement granting any Person a right to acquire Equity Interests in the Company; (xi) Contracts relating to the borrowing of money or the extension of credit or evidencing Debt or securing Debt with a principal amount in excess of \$50,000; (xii) Contracts pursuant to which the Company has advanced or loaned any amount to any of its shareholders, officers or directors, other than in the ordinary course of business; (xiii) a Contract, the performance of which involves payment or the provision of services to or from such subject Person in excess of \$50,000 for the year ending December 31, 2009; (xiv) employment-related Contracts, nondisclosure Contracts, noncompetition Contracts, or other agreements or arrangements containing restrictive covenants or other obligations, with current or former employees, relating to (A) the right of any such employee to be employed by the Company or (B) the knowledge or use of trade secrets or proprietary information; and (xv) Contracts relating to Intellectual Property (including license, royalty,

development, hosting or other agreements) except that Section 3.12(a) of the Company Disclosure Letter shall not be required to list (1) licenses of commercially available, off-the-shelf software with a replacement cost and/or annual license or maintenance fee of less than \$25,000 or (2) non-exclusive licenses granted by the Company to its clients in the ordinary course in a manner consistent with past practice pursuant to which the Company is entitled to receive an annual aggregate consideration of less than \$50,000.

(b) The Company has made available to Parent a true, correct and complete copy of each Material Contract (including all amendments thereto). Except as set forth on Section 3.12(b) of the Company Disclosure Letter, (a) the Company is not in breach of or default (with or without notice, lapse of time or both) under the terms of any Material Contract, (b) to the Knowledge of the Company, as of the date hereof, no other party to any Material Contract is in breach of or default (with or without notice, lapse of time or both) under the terms of any Material Contract, (c) each Material Contract is a valid and binding obligation of the Company and is in full force and enforceable against the Company in accordance with its terms, (d) to the Knowledge of the Company, each Material Contract is a valid and binding obligation of the counterparty(s) thereto and is in full force and enforceable against such counterparty(s) in accordance with its terms, and (e) the Company has not received any written notice from any other party to any Material Contract that such other party intends to terminate, or not renew any Material Contract, or is seeking to renegotiate thereof or substitute performance thereunder in any material respect.

**Section 3.13 Real and Personal Property.**

(a) The Company does not own any real property.

(b) Section 3.13(b) of the Company Disclosure Letter sets forth the address of each Leased Real Property, and a true and complete list of all Leases (including all amendments, extensions, renewals, guaranties and other agreements with respect thereto) for each such Leased Real Property (including the date and name of the parties to such Lease document). The Company has delivered to Parent a true and complete copy of each such Lease document, and in the case of any oral Lease, a written summary of the material terms of such Lease. With respect to all Leases, (i) each Lease is valid, binding, enforceable and in full force and effect and neither the Company nor, to the Knowledge of the Company, any other party thereto is in breach or default (with or without notice, lapse of time or both) under any Lease, (ii) no termination event or condition or uncured default (with or without notice, lapse of time or both) on the part of the Company or, to the Knowledge of the Company, the landlord thereunder exists under any Lease, (iii) the Company's possession and quiet enjoyment of the Leased Real Property under such Lease has not been disturbed, and to the Company's knowledge, there are no disputes with respect to such Lease; (iv) the Company has not subleased, licensed or otherwise granted any Person the right to use or occupy such Leased Real Property or any portion thereof; and (v) the Company has not collaterally assigned or granted any other security interest in such Lease or any interest therein. The Company has not received notice of any pending, and to the Knowledge of the Company there is no threatened, condemnation with respect to any real property leased pursuant to any of the Leases.

(c) The Company has good and marketable title to, or valid and enforceable rights to use under existing material franchises, easements or licenses, or valid and enforceable leasehold interests in, all of its material tangible personal properties and assets necessary to carry on its business as such business is now being conducted, free and clear of all Liens, except for Permitted Liens.

**Section 3.14 Employees.**

(a) To the Knowledge of the Company, no key employee and no group of employees of the Company has any plans to terminate or modify (adverse to the Company) his or her status as an employee of the Business, including upon consummation of the transactions contemplated hereby.

(b) The Company has set forth in Section 3.14(b) of the Company Disclosure Letter a true, complete and accurate list as of April 19, 2010, of each Continuing Employee (disregarding the reference in such definition to the Effective Time for purposes of this Section 3.14(b)) and with respect to each such Continuing Employee as of the date hereof, his or her date(s) of hire by the Company, position and title (if any), current rate of compensation (including bonuses, commissions and incentive compensation, if any), whether such employee is hourly or salaried, whether such employee is exempt or non-exempt, whether such employee is absent from active employment and, if so, the date such employee became inactive, the reason for such inactive status and, if applicable, the anticipated date of return to active employment, and the number of accrued personal time-off days of each Continuing Employee as of March 31, 2010.

**Section 3.15 Takeover Statutes.** No "fair price," "merger moratorium," "control share acquisition" or similar anti-takeover statute or regulation is applicable to the Merger or any other transaction contemplated hereby, except for such statutes or regulations as to which all necessary action has been taken by the Company and the Company Board to permit the consummation of the Merger in accordance with the terms hereof.

**Section 3.16 Taxes.**

(a) The Company has timely filed (taking into account all available extensions) with the appropriate Taxing Authorities all Tax Returns required to be filed by it under applicable Law. All such Tax Returns are complete and accurate in all material respects. All Taxes shown on any Tax Return and all other material Taxes have been paid. There are no Liens (except for Permitted Liens) with respect to Taxes on any of the assets of the Company.

(b) Neither the Company nor any director or officer (or employee responsible for Tax matters) of the Company reasonably expects any Taxing Authority to assess any additional Taxes for any period for which Tax Returns have been filed. No foreign, federal, state or local audits or administrative or judicial Tax Proceedings are being conducted or, to the Knowledge of the Company, pending with respect to the Company. Except as disclosed in Section 3.16(b) of the Company Disclosure Letter, the Company has not received from any foreign, federal, state, or local Taxing Authority (including jurisdictions where the Company has not filed Tax Returns) any (i) notice indicating an intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted or assessed by any Taxing Authority against the Company. Section 3.16(b) of the Company Disclosure Letter lists all federal, state, local and foreign income Tax Returns filed with respect to the Company for Taxable periods ended after January 1, 2006, indicates those Tax Returns that have been audited and indicates those Tax Returns that currently are the subject of audit. The Company has delivered to Parent correct and complete copies of all Tax Returns, examination reports and statements of deficiencies assessed against (or agreed to by the Company) that have been filed or received since January 1, 2006.

(c) The Company has withheld and paid all material Taxes required under applicable Law to have been withheld and paid to a Taxing Authority in connection with any amounts paid or owing to any employee, independent contractor, creditor, shareholder or other Person.

(d) The Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(e) The Company is not a party to any Tax allocation or sharing agreement or other similar Contract. The Company has not been a member of an affiliated group filing a consolidated, combined or unitary Tax Return (other than a group, the common parent of which is the Company), nor does the Company have any Tax liability for any other Person under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign Law, or as a transferee or successor, by Contract or otherwise.

(f) To the Knowledge of the Company, no claim has ever been made by a Taxing Authority in a jurisdiction where the Company does not file a Tax Return that the Company is or may be subject to any Tax in that jurisdiction. No power of attorney with respect to any Tax has been executed or filed with any Taxing Authority with respect to the Company and relating to any Tax Return for which the applicable statute of limitations has not expired.

(g) The Company has not engaged in a transaction that is, or is substantially similar to, a listed transaction or a reportable transaction, a principal purpose of which was Tax avoidance, within the meaning of Section 6011, 6111 and 6112 of the Code. The Company has disclosed on its United States federal income Tax Returns all positions taken therein that could reasonably be expected to give rise to a substantial understatement of federal income Tax within the meaning of Section 6662(d) of the Code.

(h) The Company will not be required to include any material item of income in, or exclude any material item of deduction from, Taxable income for any Taxable period (or portion thereof) ending on or after the Closing Date as a result of any: (i) change in method of accounting for a Taxable period ending on or prior to the Closing Date under Section 481(c) of the Code (or any corresponding or similar provision of state, local or foreign income Tax law); (ii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign income Tax law) executed on or prior to the Closing Date; (iii) intercompany transaction or excess loss account described in the Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local or foreign Tax law); (iv) installment sale or open transaction disposition made on or prior to the Closing Date; (v) prepaid amount received on or prior to the Closing Date; or (vi) election made by the Company under Section 108(i) of the Code.

(i) The unpaid Taxes of the Company, being Taxes currently accrued under GAAP, but not yet due and payable, (i) as of the date of the balance sheet contained in the most recent Company Financial Statement, did not materially exceed the amount of the reserve for Tax liability (other than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set out on the face of such balance sheet (rather than in any notes thereto); and (ii) as of the Closing Date, will not materially exceed the amount of that reserve, as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company in filing its Tax Returns.

(j) The Company has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(k) The Company is not subject to any ruling issued to the Company by the IRS (or any similar state, local or foreign agency). The Company does not have any request for such a ruling currently pending, nor has it entered into any legally binding agreement with a Taxing Authority relating to any Tax.

(l) The Company has not been a "distributing corporation" or a "controlled corporation" within the meaning of Section 355 of the Code during the three (3) years ending on the date of this Agreement.

(m) Each deferred compensation arrangement that is subject to the provisions of Code Section 409A, and with respect to which the Company is a "service recipient" (within the meaning of Code Section 409A), complies in form and operation with the applicable provisions of Code Section 409A; and the Company has not been required to report any Taxes due as a result of any failure to comply with Code Section 409A. The Company has no indemnity obligation to any "service provider" (within the meaning of Code Section 409A) for any Taxes imposed or accelerated under Section 409A of the Code, nor is any such service provider entitled to receive any additional payment (e.g. a Tax gross-up or other payment) from the Company, the Surviving Company or any other Person in the event that a Tax is imposed on such service provider pursuant to Code Section 409A.

(n) Section 3.16(n) of the Company Disclosure Letter sets out the amount of any net operating loss, net capital loss, unused investment credit or other credit, unused foreign Tax credit or excess charitable contribution that is allocable to the Company and is available for carryforward after the Closing, as determined (i) as of the most recent practicable date, and (ii) also on an estimated *pro forma* basis as of the Closing, after giving effect to the consummation of the transactions contemplated by this Agreement.

(o) Any individual classified or treated by the Company as an employee or as an independent contractor, for any Tax purpose, or as to any payment, for any period was properly so classified and treated for the applicable Tax purpose or payment and the applicable period except as indicated on Section 3.16(o) of the Company Disclosure Letter.

Section 3.17 Labor Matters.

(a) There are no collective bargaining agreements or other labor union contracts applicable to any employees of the Company. To the Knowledge of the Company, there are no labor union organizing activities pending or threatened as of the date hereof with respect to any employees of the Company. The Company has not knowingly committed any material unfair labor practice.

(b) The Company has not, within the past six months, and is not currently, engaged in any layoffs or employment terminations sufficient in number to trigger application of the Worker Adjustment and Retraining Notification Act of 1988, as amended (the "WARN Act"), or any similar state, local or foreign law.

(c) To the Knowledge of the Company, no employee of the Company is in any material respect in violation of any term of any employment-related agreement, nondisclosure agreement, noncompetition agreement, restrictive covenant or other obligation to a former employer of any such employee relating (A) to the right of any such employee to be employed by the Company or (B) to the knowledge or use of trade secrets or proprietary information.

(d) To the Knowledge of the Company, no current officer or key employee of the Company intends to terminate his or her employment, whether on account of the transactions contemplated by this Agreement or for any other reason.

Section 3.18 Intellectual Property.

(a) Section 3.18(a) of the Company Disclosure Letter contains a complete and accurate list of all of the following that are owned, used or held for use by the Company in the conduct of the business of the Company as currently conducted (identifying for each, the owner, the jurisdiction, and, as applicable, the serial/application number, the patent or registration number, the filing date, the issuance or registration date, the registrant and the registrar thereof): (i) patented or registered Intellectual Property (including Internet domain names), (ii) pending patent applications or applications for registration of other Intellectual Property, (iii) material unregistered trademarks, and material unregistered service marks, and (iv) material software.

(b) The Company solely owns and possesses free and clear of any Liens other than Permitted Liens all right, title and interest in and to, or has the right to use pursuant to a valid and enforceable written license set forth on Section 3.12 of the Company Disclosure Letter or under applicable Law, all Intellectual Property necessary for or used in the conduct of the business of the Company as currently conducted and as currently planned to be conducted (together with the Intellectual Property Rights owned by the Company, collectively, the "Company Intellectual Property"). All of the Company Intellectual Property owned by the Company is valid, subsisting, in full force and effect and, to the Knowledge of the Company, enforceable. To the Knowledge of the Company, all of the Company Intellectual Property owned by third parties is valid, subsisting, in full force and effect, and enforceable. The Company has taken all actions reasonably necessary and common in the industry to protect, maintain and enforce the Company Intellectual Property owned by the Company.

(c) Except as set forth in Section 3.18(c) of the Company Disclosure Letter, (i) there are no Proceedings against the Company that were either made within the past six (6) years or are presently pending, or to the Company's Knowledge, threatened, contesting the validity, use, ownership, enforceability or registrability of any of the Company Intellectual Property, (ii) the Company has not infringed, misappropriated or otherwise violated, and the operation of the conduct of the business of the Company as currently conducted does not infringe, misappropriate or otherwise violate the rights of any Person with regard to any Intellectual Property, the Company is not aware of any facts which indicate a likelihood of any of the foregoing, and the Company has not received any threats or notices regarding any of the foregoing (including any demands or offers to license any Intellectual Property from any other person); and (iii) to the Knowledge of the Company, no Person has infringed, misappropriated or otherwise violated any of the Company Intellectual Property. The Company Intellectual Property is not subject to any outstanding consent, settlement, decree, order, injunction, judgment or ruling restricting the use thereof. The transactions contemplated by this Agreement shall not impair the right, title or interest of the Company in or to the Company Intellectual Property and Company Systems (defined below), and, except as set forth in Section 3.18(c) of the Company Disclosure Letter, all of the Company Intellectual Property and Company Systems shall be exclusively owned or available for use by the Company immediately after the Closing on terms and conditions identical to those under which the Company owned or used the Company Intellectual Property and Company Systems immediately prior to the Closing.

(d) All past and present employees and independent contractors of, and consultants to, the Company have entered into agreements pursuant to which such employee, independent contractor or consultant agrees to protect the confidential information of the Company and assign to the Company all Company Intellectual Property authored, developed or otherwise created by such employee, independent contractor or consultant in the course of his, her, or its employment or other relationship with the Company, without further consideration or any restrictions or obligations on the use or ownership of such Intellectual Property whatsoever, and such agreements are valid and enforceable in accordance with their terms.

(e) Except as set forth in Section 3.18(e) of the Company Disclosure Letter, the computer systems, including the software, firmware, hardware, networks, interfaces, platforms and related systems used or currently planned to be used by the Company (collectively, the "Company Systems") in the conduct of its business are sufficient for the immediate and anticipated future needs of the Company, including as to capacity, scalability and ability to process current and anticipated peak volumes in a timely manner. In the last eighteen (18) months, there have been no failures, breakdowns, continued substandard performance or other adverse events affecting any such Company Systems that have caused or could reasonably be expected to result in the substantial disruption or interruption in or to the use of such Company Systems and/or the conduct of the Company's business. The Company maintains commercially reasonable security, disaster recovery and business continuity plans, procedures and facilities, acts in compliance therewith and has taken commercially reasonable steps to test such plans and procedures on a periodic basis, and such plans and procedures have been proven effective upon such testing in all material respects.

(f) Except as set forth in Section 3.18(f) of the Company Disclosure Letter, the Company is not a party to any agreement or arrangement, or otherwise subject to any duty or obligation, which (in either case) (i) restricts the free use, license or disclosure by the Company of any source code relating to any of the Company's proprietary software (collectively, "Company Software"), or (ii) requires the Company to (x) include any source code relating to any Company Software with any distribution or delivery (whether physical or on a hosted basis) of such software and/or (y) permit any licensee of any Company Software to modify any source code relating to any Company Software. No source code for any Company Software has been delivered, licensed, or made available to any Person who is not, as of the date of this Agreement, an escrow agent or an employee of Company. The Company does not have a duty or obligation (whether present, contingent, or otherwise) to deliver, license, or make available the source code for any Company Software to any Person who is not, as of the date of this Agreement, an escrow agent or an employee of the Company. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time) will, or could reasonably be expected to, result in the delivery, license, or disclosure of the source code for any Company Software to any Person who is not, as of the date of this Agreement, an escrow agent or an employee of Company.

(g) The Company is, and for the last three (3) years has been, in compliance with (i) all applicable data protection or privacy laws governing the collection, disclosure, transfer or use of personal information and (ii) any privacy policies or related policies, programs or other notices that concern the Company's collection, disclosure, transfer or use of personal information. Except as set forth in Section 3.18(g) of the Company Disclosure Letter, in the past three (3) years, there have not been any incidents of data security breaches or complaints, notices to, or audits, proceedings or investigations conducted or claims asserted by any other person (including any Governmental Authority) regarding the collection, disclosure, transfer or use of personal information by any person in connection with the Company's business or any violation of applicable law, and to the Company's Knowledge, there is no reasonable basis for the same and no such claim has been threatened or pending.

Section 3.19 Insurance. Section 3.19 of the Company Disclosure Letter lists each insurance policy maintained by, at the expense of or for the benefit of the Company with respect to its assets, properties or operations. Each such insurance policy is in full force and effect and the Company is not in default with respect to its obligations under any such insurance policy. The insurance coverage of the Company is customary for business entities of similar size engaged in similar lines of business. The Company has not received any written notice regarding any (i) cancellation or invalidation of any material insurance policy, (ii) refusal of any coverage or rejection of any material claim under any material insurance policy or (iii) material adjustment in the amount of premiums payable with respect to any material insurance policy. The Company has provided to Parent a three-year claims history under the above-referenced insurance policies.



Section 3.20 Company Requisite Approval. The affirmative vote of the holders of more than fifty percent (50%) of (a) the Company Stock, voting as a single class on an as-converted basis or acting by written consent, and (b) the Preferred Shares, voting as a single class or acting by written consent, are the only votes or actions of the Company necessary to approve this Agreement and the transactions contemplated hereby, including the Merger (the "Company Requisite Approvals"), which Company Requisite Approvals shall be satisfied in full by the delivery of the Securityholder Written Action.

Section 3.21 Clients. Section 3.21 of the Company Disclosure Letter accurately sets forth a list of the Company's top twenty-five (25) clients by contract spend for the twelve (12) months ended December 31, 2009 (each, a "Major Client"). Except as set forth in Section 3.21 of the Company Disclosure Letter, since December 31, 2009, no Major Client (i) has ceased purchasing services from the Company or provided notice that it intends to cease purchasing services from, or to terminate its relationship with, the Company and, to the Knowledge of the Company, no customer on Section 3.21 of the Company Disclosure Letter is considering ceasing purchasing services from, or terminating its relationship with, the Company, (ii) to the Knowledge of the Company, is considering materially reducing the aggregate purchases of services from the Company or (iii) materially and adversely modified the terms and conditions from those previously used in its purchases of services from the Company, or provided written notice that it intends to materially and adversely change the terms and conditions from those previously used in its purchases of services from the Company. The Company has not received any written notice from a Major Client alleging a claim against the Company (or its officer, members or employees) due to an error or omission in the course of performing services in an engagement for a Major Client.

Section 3.22 Related Party Transactions. Section 3.22 of the Company Disclosure Letter sets forth a list of all existing business relationships (other than employment), Contracts and other understandings between the Company, on the one hand, and any of its shareholders, Affiliates, employees, officers, or directors (or any Affiliates, officers, directors, employees or shareholders of any such person), on the other hand. To the Knowledge of the Company, no such Person is engaged in competition with the Company.

Section 3.23 Brokers and Finders. Except as set forth in Section 3.23 of the Company Disclosure Letter, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company.

Section 3.24 Allocation Schedule. The Allocation Schedule has been prepared, and properly reflects the Cash Consideration payable to each holder of any of the Company's Equity Interests and the Pro Rata Interest of each Shareholder, in accordance with the terms and conditions of the Company's articles of incorporation.

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES OF THE PARENT AND THE MERGER SUB

Except as expressly contemplated or permitted under this Agreement, Parent and the Merger Sub hereby jointly and severally represent and warrant to the Company that:

Section 4.01 Organization, Good Standing and Qualification. The Parent and Merger Sub are legal entities duly organized, validly existing and in good standing under the Laws of their respective

jurisdictions of incorporation and have all requisite corporate power and authority to carry on their businesses as presently conducted.

Section 4.02 Authority: Approval. The execution, delivery and performance by Parent and the Merger Sub of this Agreement and the consummation by Parent and the Merger Sub of the Merger and the other transactions contemplated hereby are within their corporate powers, have been duly and validly authorized by all necessary actions on the part of Parent and the Merger Sub and, except for the filing of the Articles of Merger in accordance with the MBCA, no other proceedings on the part of Parent or the Merger Sub are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Parent and the Merger Sub and, assuming that this Agreement constitutes the legal, valid and binding obligation of the Company, constitutes the legal, valid and binding obligation of Parent and the Merger Sub, enforceable against Parent and the Merger Sub in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors rights' and to general equity principles.

Section 4.03 Third Party Consents: No Violations.

(a) No notices, reports or other filings are required to be made by Parent or Merger Sub with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by Parent or Merger Sub from, as applicable, any Governmental Authority or other Person in connection with the execution, delivery and performance of this Agreement by Parent and the Merger Sub and the consummation by Parent and the Merger Sub of the Merger and the other transactions contemplated hereby (other than the filing of the Articles of Merger pursuant to the MBCA), except for those that the failure to make or obtain would not reasonably be expected to prevent or materially impair or delay the consummation of the transactions contemplated hereby.

(b) The execution, delivery and performance of this Agreement by Parent and the Merger Sub do not, and the consummation by Parent and the Merger Sub of the Merger and the other transactions contemplated hereby will not, constitute or result in (i) a breach or violation of, or a default under, Parent's organizational documents or the comparable governing documents of the Merger Sub, or (ii) with or without notice, lapse of time or both, a breach or violation of, a termination or default under, the creation or acceleration of any obligations under or the creation of a Lien on any of the assets of Parent or Merger Sub pursuant to, any Contract binding upon Parent or Merger Sub or any Law to which Parent or the Merger Sub is subject; except in the case of clause (ii) above, for any such breach, violation, termination, default, creation, acceleration or change that would not reasonably be expected to prevent or materially impair or delay the consummation of the transactions contemplated hereby.

Section 4.04 Litigation. As of the date hereof, there is no material Proceeding pending or, to the Knowledge of Parent, threatened against Parent or Merger Sub that would reasonably be expected to prevent or materially impair or delay the consummation of the transactions contemplated by this Agreement. Neither Parent nor Merger Sub is subject to or bound by any outstanding Order that would reasonably be expected to prevent or materially impair or delay the consummation of the transactions contemplated by this Agreement.

Section 4.05 Disclosure Document. None of the information supplied or to be supplied by Parent or Merger Sub for inclusion or incorporation by reference in the Disclosure Document (or any amendment or supplement thereto) will at the time of the mailing of the Disclosure Document, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. If at any time prior to the Effective Time any event occurs with respect to Parent

which is required to be described in an amendment of, or a supplement to, the Disclosure Document, Parent shall promptly notify the Company.

Section 4.06 Interim Operations of Merger Sub. Merger Sub was formed solely for the purpose of entering into this Agreement and engaging in the transactions contemplated by this Agreement, including the Merger, and has not engaged in any business activities or conducted any operations other than in connection with such transactions. Merger Sub has no Subsidiaries.

Section 4.07 Brokers and Finders. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement that, if the Merger is not consummated, would be payable by the Company, based upon arrangements made by or on behalf of Parent or the Merger Sub.

## ARTICLE V

### COVENANTS OF THE COMPANY

Section 5.01 Affirmative Covenants. Except (i) as specifically permitted or required by this Agreement, (ii) as specified in Section 5.01 of the Company Disclosure Letter, (iii) as required by applicable Law or a Governmental Authority, or (iv) as otherwise consented to in writing by Parent, during the period from the date hereof to the earlier of the Effective Time or the termination of this Agreement pursuant to Article VIII below, the Company shall conduct its business in the ordinary course in a manner consistent with past practice.

Section 5.02 Negative Covenants. Except (i) as specifically permitted or required by this Agreement, (ii) as specified in Section 5.02 of the Company Disclosure Letter, (iii) as required by applicable Law or a Governmental Authority or (iv) as otherwise consented to in writing by Parent, during the period from the date hereof to the earlier of the Effective Time or the termination of this Agreement pursuant to Article VIII below, the Company shall not do any of the following:

- (a) make any capital expenditure or enter into any Contract or commitment therefor in excess of \$50,000 individually or in the aggregate;
- (b) enter into, modify, amend or terminate any Contract for the purchase or lease (as lessor or lessee) of real property;
- (c) sell, lease (as lessor or lessee), fail to maintain, abandon, allow to lapse, assign, license (as licensor or licensee), transfer, encumber or otherwise dispose of, mortgage or pledge or impose any Lien (other than Permitted Liens) on any portion of the Company's assets, other than sales or other disposition of inventory, or non-exclusive licenses of Intellectual Property granted, in the ordinary course of business consistent with past practices;
- (d) institute any material increase in any, or adopt any new Company Benefit Plan, other than in the ordinary course of business as required by the terms of any such existing plan;
- (e) (i) make any material change in the compensation of employees of the Company, other than changes made in accordance with normal compensation practices and consistent with past practices of the Company or changes required by employment agreements in existence on the date hereof or by any Law or (ii) except to the extent required by applicable Law or by written agreements existing on the date of this Agreement, (A) grant or announce any option, equity or incentive awards; (B) hire any new employees, except in the ordinary course of business consistent with past practices with respect to

employees with an annual base salary that is less than \$75,000, (C) pay or agree to pay any pension, retirement allowance, termination or severance pay, bonus or other employee benefit not required by any existing Company Benefit Plan or other agreement or arrangement in effect on the date of this Agreement, (D) enter into or amend any contracts of employment or any consulting, bonus, severance, retention, retirement or similar agreement, except for agreements for newly hired employees in the ordinary course of business consistent with past practices with an annual base salary that is less than \$75,000, or (E) enter into or adopt any new, or materially increase benefits under, or renew, amend or terminate, any existing Company Benefit Plan or any collective bargaining agreement;

(f) enter into any Contract that would be deemed a Material Contract if entered into prior to the date hereof or cancel, terminate or modify any existing Material Contract, in each case other than in the ordinary course of business;

(g) issue, sell, deliver or authorize or propose the issuance, delivery or sale of any Equity Interests of the Company;

(h) amend the organizational documents of the Company;

(i) acquire or purchase any material properties or assets (other than in the ordinary course of business), merge or consolidate with, or acquire all or substantially all of the assets of, or otherwise acquire, any Person, or make any material investment in any Person;

(j) split, combine, repurchase or reclassify any Equity Interest of the Company;

(k) declare, set aside or pay any dividend or distribution of cash or other property to any shareholder of the Company, with respect to its equity or purchase, redeem or otherwise acquire any of its equity or any warrants, options or other rights to acquire its Equity Interests or make any other payment to any shareholder of the Company;

(l) enter into any collective bargaining agreement;

(m) create, incur, assume or guarantee any indebtedness outside the ordinary course of business consistent with past custom and practice;

(n) make any change in any existing inventory management or credit, collection or payment policies or practices with respect to Accounts Receivable or accounts payable;

(o) (i) make or change any election related to Taxes, (ii) adopt or change any accounting method or change an accounting period for Tax purposes, (iii) file any amended Tax Return, (iv) enter into any closing agreement with respect to Taxes, (v) settle any Tax claim or assessment relating to the Company, (vi) surrender any right to claim a refund of Taxes, or (vii) consent to any extension or waiver of limitation period applicable to any Tax Claim or assessment relating to the Company, or (viii) take any similar action relating to the filing of any Tax Return or payment of any Tax.

(p) agree or commit, whether orally or in writing, to do any of the foregoing.

Section 5.03 No Solicitation by the Company.

(a) From the date of this Agreement until the Effective Time, the Company agrees that neither it nor any of its officers or directors shall, and it shall cause the Company Representatives not to, directly or indirectly:

(i) initiate, solicit or encourage (including by way of providing information) or facilitate any inquiries, proposals or offers with respect to, or the making, or the completion of, a Takeover Proposal;

(ii) participate or engage in any discussions or negotiations with, or furnish or disclose any non-public information relating to the Company, or otherwise cooperate with or assist any Person in connection with a Takeover Proposal;

(iii) withdraw, modify or amend the recommendation made pursuant to Section 3.04(b) in any manner adverse to Parent or Merger Sub;

(iv) approve, endorse or recommend any Takeover Proposal;

(v) enter into any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement relating to a Takeover Proposal; or

(vi) resolve, propose or agree to do any of the foregoing.

(b) The Company shall, and shall cause each of the Company Representatives to, immediately cease any existing solicitations, discussions or negotiations with any Person (other than the parties hereto) that has made or indicated an intention to make a Takeover Proposal. The Company shall promptly request that each Person who has executed a confidentiality agreement with the Company in connection with such Person's consideration of a Takeover Proposal (other than the parties hereto and their respective advisors) return or destroy all non-public information furnished to that Person by or on behalf of the Company. The Company shall promptly inform its Representatives of the Company's obligations under this Section 5.03.

(c) The Company shall notify Parent promptly (and in any event within twenty four (24) hours) upon receipt by it or any of its Representatives of (i) any Takeover Proposal or indication by any Person that it is considering making a Takeover Proposal, (ii) any request for non-public information relating to the Company or any of the Company Joint Ventures other than requests for information in the ordinary course of business and unrelated to a Takeover Proposal or (iii) any inquiry or request for discussions or negotiations regarding any Takeover Proposal. The Company shall notify Parent promptly (and in any event within twenty four (24) hours) with the identity of such Person and a copy of such Takeover Proposal, indication, inquiry or request (or, where no such copy is available, a description of such Takeover Proposal, indication, inquiry or request), including any modifications thereto.

Section 5.04 Access and Information. Upon reasonable notice and subject to the terms of the Confidentiality Agreements, the Company shall afford to Parent and the officers, employees, accountants, counsel and other representatives of Parent reasonable access, during normal business hours during the period prior to the Effective Time, to all of the Company's material properties, books, Contracts, records, employees and agents; provided, however, that such access shall only be provided to the extent that such access would not violate applicable Law; and provided further that the foregoing shall not require the Company (i) to permit any inspection, or to disclose any information, that violates any of the Company's obligations with respect to confidentiality if the Company shall have used commercially reasonable efforts to obtain the consent of such third Person to such inspection or disclosure or (ii) to disclose any privileged information of the Company. All requests for information made pursuant to this Section 5.04 shall be directed to the Company's executive officers.

Section 5.05 Securityholder Written Action: Disclosure Document.

(a) The Company shall use its reasonable best efforts to cause the Securityholder Written Action substantially in the form of the draft thereof previously provided to Parent (and attached hereto in the form of Exhibit E) to be executed and delivered to the Company and Parent simultaneously with or immediately after the execution and delivery of this Agreement.

(b) The Company shall, as soon as reasonably practicable and in accordance with applicable federal and state Laws and with the Company's organizational documents, distribute to (i) its shareholders other than the Securityholders a disclosure document describing the Merger, including the terms and conditions of this Agreement, all information required to be provided to the Company's shareholders under Sections 302A.441, 302A.473, and 302A.613 of the MBCA, and all information necessary for the Company's shareholders to comply with the procedures under Section 2.09(a) and (ii) each of the Securityholders a disclosure document describing all information necessary for the Securityholders to comply with the procedures under Section 2.09(a) (the documents described in clauses (i) and (ii) being collectively referred to as the "Disclosure Document"). The Company shall provide Parent with a copy of such Disclosure Document before it is disseminated to the Company's shareholders, shall provide Parent with a reasonable opportunity to comment on the content thereof, and shall consult with Parent prior to dissemination of the Disclosure Document to the Company's shareholders regarding the resolution of all such comments. Each of Parent and the Merger Sub shall furnish to the Company all information requested concerning itself which is reasonably required or customary for inclusion in the Disclosure Document. The information provided by any party hereto for use in the Disclosure Document shall be true and correct in all material respects, at the dates mailed to shareholders of the Company, without omission of any material fact which is required to make such information not false or misleading. No representation, covenant or agreement is made by any party hereto with respect to information supplied in writing by any other party specifically for inclusion in the Disclosure Document. If at any time prior to the 30<sup>th</sup> calendar day following the date that the Disclosure Document is disseminated to the Company's shareholders (other than the Securityholders), any information relating to the Company, Parent or the Merger Sub, or any of their respective Affiliates, officers or directors, should be discovered by the Company, Parent or the Merger Sub which should be set forth in an amendment or supplement to the Disclosure Document, so that the Disclosure Document would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the party which discovers such information shall promptly notify the other parties hereto and an appropriate amendment or supplement describing such information shall, in accordance with applicable Law, be disseminated to the shareholders of the Company.

Section 5.06 Notification of Certain Matters. From and after the date of this Agreement until the Effective Time, the Company shall promptly notify Parent in writing promptly after (a) becoming aware of (i) the occurrence, or non-occurrence, of any event that, individually or in the aggregate, would reasonably be expected to cause any condition to the obligations of the Company to effect the Merger and the other transactions contemplated by this Agreement not to be satisfied, or (ii) the failure to comply with any covenant or agreement to be complied with by it pursuant to this Agreement which, individually or in the aggregate, would reasonably be expected to result in any condition to the obligations of the Company to effect the Merger and the other transactions contemplated by this Agreement not to be satisfied, (b) receiving any notice or other communication from any Governmental Authority in connection with the Merger or other transactions contemplated hereby or from any Person alleging that the consent of such Person is or may be required in connection with the Merger or (c) any Proceeding is commenced or, to the Knowledge of the Company, threatened against, relating to or involving the Company which relate to the Merger; provided, however, that the delivery of any notice pursuant to this Section 5.06 shall not cure any breach of any representation or warranty requiring disclosure of such

matter prior to the date of this Agreement or otherwise limit or affect the remedies available hereunder to either party, and the failure to deliver any such notice shall not affect any of the conditions set forth in Article VII below; and provided further that the delivery of any notice pursuant to this Section 5.06 shall not cause the failure of any condition set forth in Article VII below, to be satisfied nor shall the delivery of any such notice be deemed an admission that any condition in Article VII below, is not or will not be satisfied or that there has been any Company Material Adverse Effect.

Section 5.07 Shareholder Representative.

(a) Authority. Each Securityholder other than the Shareholder Representative, pursuant to the terms of the Securityholder Written Action, has appointed or is appointing, and does hereby appoint, the Shareholder Representative as its, his or her true and lawful agent, representative and attorney-in-fact on behalf of such Securityholder on the terms and subject to the conditions set forth in this Section 5.07(a) and the Company shall, in connection with the Shareholder Written Action and the delivery of the Disclosure Document and Transmittal Instructions, seek to have its other shareholders approve, the appointment of the Shareholder Representative as their lawful agent, representative and attorney-in-fact with full power and authority to act on behalf of the Shareholders under this Section 5.07(a). In such capacity, the Shareholder Representative may take any action on behalf of, and may bind, any or all Shareholders from and after the date hereof under this Agreement or any other related agreement, including: (i) consummating the transactions contemplated herein; (ii) entering into any amendment or modification hereof or any waiver of any obligation hereunder; (iii) incurring out-of-pocket expenses (including attorneys' fees and expenses), and maintaining an account to pay for such expenses; (iv) giving and receiving notices and communications to or from Parent or Merger Sub relating to this Agreement or any of the transactions contemplated hereby (except to the extent that this Agreement expressly contemplates that any such notice or communication shall be given or received by a Shareholder individually without reliance on the Shareholder Representative); (v) making any claim on behalf of any Securityholder Indemnified Party (provided that recovery of which shall be made or directed to such Securityholder Indemnified Party) pursuant to Article IX, consenting to the payment to any Parent Indemnified Party of any amounts payable pursuant to Article IX, making any objection to, or determining to waive or failing to take any action to object to, any claim for indemnification made by any Parent Indemnified Party pursuant to Article IX; (vi) consenting or agreeing to, negotiating, entering into settlements and compromises of, and agreeing to arbitration and complying with orders of courts and awards of arbitrators with respect to, any claims contemplated by clause (iv) or (v); and (vii) taking all actions necessary or appropriate in the judgment of the Shareholder Representative for the accomplishment of the foregoing, in each case without having to seek or obtain the consent of any Shareholder under any circumstance. The power and authority of the Shareholder Representative shall continue in full force until all rights and obligations of the Shareholders under this Agreement have terminated, expired or been fully performed. The Shareholder Representative may resign as the Shareholder Representative for any reason upon written notice to the other Shareholders setting a date of resignation no sooner than ten (10) Business Days after the date of such notice. The other Securityholders may replace the Person serving as the Shareholder Representative upon death, incapacity or resignation; a successor Shareholder Representative shall be selected promptly in writing by the Securityholders whose aggregate Pro Rata Interest exceeds fifty percent (50%) (excluding for purposes of this calculation, the Pro Rata Interest held by the Shareholder Representative, if any), and the Securityholders shall provide notice thereof to Parent and the other Shareholders; provided, however, that the Parent shall be entitled to rely upon (and continue to deliver notices to) the existing Shareholder Representative until such time as the Parent has been notified of the identity of the successor Shareholder Representative; and provided, further, that the replacement of the Shareholder Representative (or any delay in appointing a successor Shareholder Representative) shall not be deemed to extend any time periods under this Agreement for the Shareholder Representative to act. The Shareholder Representative shall receive no (and shall not be entitled to receive any) compensation for its services hereunder (and, except as expressly set forth herein,

shall not be entitled to any reimbursement of any Shareholder Representative Expenses) from Parent, the Company, Merger Sub or the Surviving Company. The Shareholder Representative accepts its appointment hereunder. Parent and its respective Representatives shall be entitled to rely on the authority of the Shareholder Representative for actions taken under this Section 5.07(a) and shall have no Liability to the Company or any Shareholder for such reliance.

(b) **Liability.** Neither the Shareholder Representative nor any agent employed by the Shareholder Representative shall be liable to any other Shareholder, the Parent, the Merger Sub or the Company for any act done or omitted hereunder as the Shareholder Representative while acting in accordance with the limitations set forth in Section 5.07(a) in good faith. Any act done or omitted pursuant to the advice of counsel shall be conclusive evidence of such good faith for such purposes. The Shareholder Representative shall not have any duties or responsibilities other than those expressly set forth in this Agreement, and no implied representations, warranties, covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or shall otherwise exist against the Shareholder Representative. The Shareholder Representative may rely, and shall be fully protected in relying, upon any statements furnished to him by any Shareholder, the Parent, the Merger Sub or the Company or any other evidence reasonably deemed by the Shareholder Representative to be reliable. The Shareholder Representative shall be fully justified in failing or refusing to take any action under this Agreement, unless (a) it has received such advice or concurrence of any Securityholder as it deems appropriate or (b) it has been expressly indemnified to its satisfaction by the Securityholders according to their respective Pro Rata Interest against any liabilities and expenses that the Shareholder Representative may incur by reason of taking or continuing to take any such action; provided, however, that nothing in this Section 5.07(b) shall be interpreted as permitting any failure or refusal to take any action by the Shareholder Representative as extending any time periods under this Agreement for the Shareholder Representative to act. The Securityholders shall, in each case ratably according to their respective Pro Rata Interest, indemnify and hold the Shareholder Representative (in its capacity as such) harmless for, from and against any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable attorneys' fees and expenses) of whatever kind that may at any time be imposed upon, incurred by or asserted against the Shareholder Representative (in its capacity as such) in any way relating to or arising out of the Shareholder Representative's action or failure to take action pursuant to this Agreement or in connection herewith in such capacity.

(c) **Shareholder Representative Expenses.** The Shareholder Representative may incur any out-of-pocket expenses (including attorneys' fees and expenses) (collectively, the "Shareholder Representative Expenses") as the Shareholder Representative deems necessary or appropriate in connection with the performance of its obligations hereunder. All Shareholder Representative Expenses incurred by the Shareholder Representative shall be borne by the Securityholders according to their respective Pro Rata Interest. An account in the name of the Shareholder Representative will be established by the Shareholder Representative and funded from the Cash Consideration (the "Representative Fund") in the amount of One Hundred Thousand Dollars (\$100,000) (the "Representative Fund Amount"). The Shareholder Representative may use the Representative Fund as it deems necessary or appropriate to pay the Shareholder Representative Expenses. Upon the later of March 31, 2011, the final resolution of any claims made under Article IX or the payment of all amounts due to the Securityholders under the Agreement, the balance of the Representative Fund shall be paid by the Shareholder Representative to the Shareholders in accordance with their respective Pro Rata Interests.

#### Section 5.08 Indemnification of Directors and Officers.

(a) From and after the Effective Time, unless otherwise required by Law, Parent and Merger Sub agree that the indemnification obligations set forth in the Company's articles of incorporation and by-laws existing in favor of those persons who are directors and officers of the Company as of the



date of this Agreement (each, a "Covered Person") for their acts and omissions as directors and officers thereof prior to the Effective Time, shall survive the Merger and be observed by the Surviving Company to the fullest extent permitted under the MBCA for a period of six (6) years from the Effective Time, and, during such six (6) year period, the Surviving Company shall also advance the reasonable expenses incurred by any such Covered Person in connection with the investigation or defense of, or acting as a witness to or participating in, any claim covered by this Section 5.08 to the fullest extent permitted under applicable Law, provided the Covered Person provides an undertaking to repay such advances if it is ultimately determined that such Covered Person is not entitled to indemnification under this Section 5.08.

(b) Any Person wishing to claim indemnification under Section 5.08, upon learning of any such claim, action, suit, proceeding or investigation, shall promptly notify the Surviving Company thereof, but the failure to so notify shall not relieve the Surviving Company of any liability it may have to such Person if such failure does not materially prejudice the Surviving Company. In the event of any such claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), (i) the Surviving Company shall have the right to assume the defense thereof and the Surviving Company shall not be liable to any Person seeking indemnification under Section 5.08 for any legal expenses of other counsel or any other expenses subsequently incurred by such Person in connection with the defense thereof, except that if the Surviving Company elects not to assume such defense or counsel for such Person and advises that there are issues which raise conflicts of interest between the Surviving Company and such Person, such Person may retain counsel satisfactory to them, and the Surviving Company shall pay all reasonable expenses of such counsel for such Person promptly as statements therefor are received, (ii) such Persons will cooperate in the defense of any such matter, and (iii) the Surviving Company shall not be liable for any settlement effected without its prior written consent.

(c) The Surviving Company shall maintain a policy of officers' and directors' liability insurance covering those Persons who, as of immediately prior to the Effective Time, are covered by the Company's directors' and officers' liability insurance policy (the "Insured Parties") for acts and omissions occurring prior to the Effective Time with coverage in amount and scope at least as favorable as the Company's existing directors' and officers' liability insurance coverage for a period of six (6) years after the Effective Time.

(d) Waiver of Indemnification. Each Securityholder Indemnified Party who is an officer or director of the Company waives any right of contribution or other similar right against the Surviving Company and its officers, directors, employees, assigns, successors and Affiliates that such Securityholder Indemnified Party may have by virtue of his or her status as an officer or director of the Company with respect to any claim for indemnification by Parent arising out of a breach of the representations, warranties, covenants or agreements of the Company contained herein. Each Securityholder Indemnified Party also agrees not to make a claim (except on behalf of the Surviving Company) for recovery against any directors' and officers' liability insurance policy of the Surviving Company or any of its Affiliates (including Parent) with respect to matters covered by the foregoing waiver.

(e) If the Surviving Company or any of their successors or assigns (i) shall consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) shall transfer all or substantially all of its properties and assets to any individual, corporation or other entity, then and in each such case, proper provisions shall be made so that the successors and assigns of the Surviving Company shall assume all of the obligations set forth in this Section 5.08.

## ARTICLE VI

### ADDITIONAL AGREEMENTS

#### Section 6.01 Consents of Third Parties: Governmental Approvals.

(a) Subject to the terms and conditions of this Agreement, the Company agrees to use its reasonable best efforts to take, or cause to be taken, all reasonable actions to cause the conditions set forth in Section 7.01 and Section 7.02 to be satisfied, and Parent and Merger Sub agree to use their reasonable best efforts to take, or cause to be taken, all reasonable actions to cause the conditions set forth in Section 7.01 and Section 7.03 to be satisfied (including, in each case, the use of reasonable efforts to execute any documents reasonably requested by either party hereto). Without limiting the foregoing, the Company (with the assistance of Parent, as reasonably requested) shall act diligently and reasonably to secure, before the Closing Date, all Consents required under Material Contracts to which the Company is a party or by which it is bound (collectively, "Company Consents"); provided, however, that the Company shall not be required to incur (unless indemnified by Parent) any financial or other obligation in connection therewith (other than normal and customary transaction costs and filing fees not otherwise required hereby to be incurred by the Company).

(b) The Company acknowledges and agrees that no notices, reports, filings, registrations or filings are required to be made to any Governmental Authority under applicable Law in connection with the Agreement, or the transactions contemplated hereby, or the Merger, other than filing the Articles of Merger with the Minnesota Secretary of State.

Section 6.02 No Control of Other Party's Business. Nothing contained in this Agreement is intended to give Parent as relates to the Company, or vice versa, directly or indirectly, the right to control or direct the other party's or its Subsidiary's operations prior to the Effective Time.

Section 6.03 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the consummation of transactions contemplated by this Agreement shall be paid by the Company when due, and the Company will, at its own expense, file all necessary Tax Returns and other documentation with respect to such Taxes, fees and charges, and if required by applicable Law, Parent will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation (referred to herein as "Transfer Taxes").

Section 6.04 Confidentiality Agreements. The Company and Parent acknowledge and agree that the Non-Disclosure Agreement dated September 9, 2009, between Parent and the Company (the "Confidentiality Agreement") shall remain in full force and effect until the Closing, at which time such Confidentiality Agreement and the obligations of parties under this Section 6.04 shall terminate. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall continue in full force and effect in respect of such confidential information in accordance with its term.

Section 6.05 Public Announcements. From the date of this Agreement, none of Parent, the Company, Merger Sub, any Securityholder or Shareholder Representative shall, without the written approval of Parent and the Shareholder Representative (such approval not to be unreasonably withheld or delayed), make any press release or other public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that any such party shall be so obligated by applicable Law, in which case such party shall allow the other party reasonable time to comment on such release or announcement and the parties shall use their reasonable efforts to cause a mutually agreeable release or announcement to be issued; provided, however, that the foregoing shall not preclude communications or

disclosures necessary to implement the provisions of this Agreement or to comply with (a) any disclosure obligations under the Exchange Act or the rules promulgated thereunder or (b) the rules and listing standards of any stock.

Section 6.06 Non-Compete Agreements. Immediately prior to the Effective Time, Parent shall have received non-competition agreements in the form of Exhibit E executed by the Persons set forth on Section 7.09 of the Company Disclosure Letter.

Section 6.07 Resignation of Directors. Immediately prior to the Effective Time, the Company shall cause each of its directors (or person fulfilling a similar role) to resign (or otherwise to be removed) from the Company Board (or equivalent body).

Section 6.08 Takeover Statute. If any "fair price", "moratorium", "business combination", "control share acquisition" or other form of anti-takeover statute or regulation shall become applicable to the Merger or the other transactions contemplated by this Agreement after the date of this Agreement, each of the Company and Parent and member of their respective boards of managers (or similar governing bodies) shall grant such approvals and take such actions as are reasonably necessary so that the Merger and the other transactions contemplated hereby may be consummated as promptly as practicable on the terms contemplated herein and otherwise act to eliminate or minimize the effects of such statute or regulation on the Merger and the other transactions contemplated hereby.

Section 6.09 Tax Matters.

(a) Final Tax Returns. All Tax Returns for the Company that are required under applicable Law to be filed after Closing, and include a Taxable period (or part of a Taxable period) that began before Closing (each a "Final Tax Return"), will be prepared and timely filed by the Surviving Company. All Final Tax Returns shall be prepared in a manner consistent with prior Tax Returns of the Company, unless otherwise required by applicable Law. At least twenty (20) days prior to the due date for filing a Final Tax Return, the Surviving Company shall deliver a copy of each such Tax Return to the Shareholder Representative for its review. The Surviving Company shall be entitled to retain all refunds received after the Closing with respect to all Taxable periods. Notwithstanding the foregoing, the provisions of this paragraph (a) shall be subject to the provisions in paragraph (d) relating to sales and use Taxes.

(b) Tax Sharing Agreements. All Tax sharing agreements or similar agreements with respect to or involving the Company shall be terminated as of the Closing Date and, after the Closing Date, the Company shall not be bound thereby or have any liability thereunder.

(c) Tax Return Preparation. Parent, the Shareholder Representative and the Company shall cooperate fully and in good faith, as and to the extent reasonably requested by the other parties, in connection with the filing of Tax Returns, and any audit or other Proceeding with respect to Taxes imposed on any of them for Taxable periods ending before January 1, 2011. Such cooperation shall include the retention and (upon the other party's reasonable request) the provision of records and information which are reasonably relevant to any such Tax Return, or any such audit or other Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Parent, the Shareholder Representative and the Company agree (i) to retain or cause to be retained all books and records with respect to Tax matters that are pertinent to the Company and relate to any Taxable period beginning before the Closing Date until the expiration of the applicable statute of limitations (and, to the extent notified by Parent or the Shareholder Representative, any extensions thereof) of the respective Taxable periods, and to abide by all record retention agreements entered into before the Closing by the Company with any Taxing Authority, (ii) to

provide to the other party, upon any reasonable request, all books and records with respect to Tax matters that are pertinent to the Company and relate to any Taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Parent or the Shareholder Representative, any extensions thereof) of the respective Taxable periods, and (iii) to give the other parties reasonable written notice prior to transferring, destroying or discarding any such books and records and, if any of the other parties so requests, the other parties shall allow such requesting party to take possession of such books and records.

(d) Sales Tax Matters.

(i) Promptly after the Closing, Shareholder Representative shall take action to cause the Surviving Company to file, with the appropriate Taxing Authorities, Tax Returns for sales and use taxes in those jurisdictions indicated on Section 6.09(d) of the Company Disclosure Letter (the "Permitted Jurisdictions"), and, subject to Parent's consent described further below in this Section 6.09(d), shall cause the Surviving Company to pay, to the appropriate Taxing Authorities, sales and use taxes due in such Permitted Jurisdictions. In this regard, Section 6.09(d) of the Company Disclosure Letter sets forth the aggregate amount of sales and use tax believed to be due in all Permitted Jurisdictions (the "Permitted Amount"). The Shareholder Representative shall be entitled to enlist the support and assistance of the former Treasurer and Senior Vice President - Finance & Administration of the Company (and the Surviving Company). Subject to the provisions of clause (ii) below, the filing of Tax Returns for sales and use taxes, and the payment of sales and use taxes, pursuant to this Section 6.09(d) shall occur only after a reasonable opportunity (which shall be no fewer than ten Business Days) has been given to a representative of Parent to review the applicable Tax Return and associated payment. In the absence of written notice to the Shareholder Representative (within such ten-day period) of any disagreement with respect to any item in a Tax Return to be filed, and/or in an associated payment to be made, hereunder, the Shareholder Representative shall be entitled to instruct the Surviving Company to submit such Tax Return and make the associated payment.

(ii) Without the prior written consent of Parent, the Shareholder Representative shall not be entitled to cause the Surviving Company to file Tax Returns with respect to, or pay any amounts for, sales or use taxes in any jurisdictions other than the Permitted Jurisdictions. In addition and notwithstanding anything to the contrary in Section 6.09(d)(i) above, the Shareholder Representative shall not be entitled to cause the Surviving Company to pay any amount for sales or use taxes in any jurisdiction other than the Permitted Jurisdictions or any amount that in the aggregate exceeds the Permitted Amount, without the prior written consent of Parent, which consent shall not be unreasonably withheld.

(iii) For the avoidance of doubt, any payments made by the Surviving Company pursuant to this Section 6.09(d) are subject to indemnification under Section 9.02(a)(iii); provided, however, that, other than as contemplated in paragraphs (i) and (ii) above, neither Parent nor the Surviving Company will take any action for the settlement of any amounts due from the Company for sales or use taxes to the extent they are Pre-Closing Taxes, and will not contact state Taxing Authorities for such purpose or for the purpose of initiating an investigation, audit or assertion that the Surviving Company owes sales and use taxes for any Pre-Closing Tax Period.

(iv) The Parent and the Shareholder Representative will cooperate in good faith, as and to the extent reasonably requested by the other party, to mitigate, reduce or eliminate any state sales and use tax that could be imposed upon the Surviving Company in the Permitted Jurisdictions.

## ARTICLE VII

### CONDITIONS OF MERGER

Section 7.01 Conditions Applicable to Each Party. The respective obligations of each party to effect the Merger and the other transactions contemplated hereby is subject to the satisfaction at or prior to the Effective Time of the following conditions, except, to the extent permitted by applicable Law, that such conditions may be waived in writing pursuant to Section 8.03 by the joint action of the parties hereto:

(a) Securityholder Written Action. The Securityholders shall have delivered the Securityholder Written Action in the form attached hereto as Exhibit F.

(b) Governmental Filings. All required filings with Governmental Authorities shall have been made and required consents and approvals shall have been received on terms acceptable to the parties, and all statutory or regulatory waiting periods applicable thereto, if any, shall have expired or been earlier terminated.

(c) No Injunction. No temporary restraining order or preliminary or permanent injunction or other Order by any court of competent jurisdiction or other Governmental Authority preventing consummation of the Merger shall have been issued and be continuing in effect, and the Merger and the other transactions contemplated hereby shall not have been prohibited under any applicable Law.

Section 7.02 Additional Conditions Applicable to Parent and Merger Sub. The respective obligations of Parent and the Merger Sub to effect the Merger and the other transactions contemplated hereby is subject to the satisfaction at or prior to the Effective Time of the following additional conditions except, to the extent permitted by applicable Law, that such conditions may be waived in writing pursuant to Section 8.03 by Parent:

(a) Company's Representations and Warranties. The representations and warranties set forth in Article III shall be true and correct in all respects (without giving effect to any "materiality" or "Company Material Adverse Effect" or similar qualifiers set forth therein, other than with respect to Section 3.07(i), at and as of the date hereof and at and as of the Closing Date as if made at and as of each such time (except for those representations and warranties expressly made as of a particular date, which shall be true and correct as of such date), except where the failure of such representations and warranties to be true and correct, individually and in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect with respect to the Company (other than Section 3.01, Section 3.02, Section 3.03, Section 3.04, which representations and warranties shall be true and correct in all respects at and as of the date hereof and at and as of the Closing Date as though then made).

(b) Company's Agreements and Covenants. The Company and the Shareholders shall have performed or complied in all material respects with all agreements and covenants required by this Agreement (whether or not any Shareholder is a Securityholder) to be performed or complied with by them on or prior to the Effective Time.

(c) No Company Material Adverse Effect. Since the date of this Agreement, there shall have been no Company Material Adverse Effect.

(d) Officer's Certificate. Parent shall have received a certificate of the chief executive officer or the chief financial officer of the Company confirming the satisfaction of the conditions set forth in Section 7.02(a) and Section 7.02(b).

(e) Dissent. Holders of at least 95% of the Company Stock on a fully diluted basis shall have agreed to surrender their Certificates and returned to the Company properly completed and duly executed Transmittal Instructions in exchange for the Merger Consideration.

(f) Required Consents. All Company Consents shall have been obtained.

(g) Resignation of Directors. The Company shall have delivered to Parent evidence reasonably satisfactory to Parent that all persons holding the position of director of the Company (other than Dan Frawley), in office immediately prior to the Effective Time, have resigned in writing from such positions effective as of the Effective Time.

(h) Offer Letters. The Company shall have delivered to Parent offer letters executed by Dan Frawley, Brad Hecht and Jim Olson, in a form mutually acceptable to Parent and Dan Frawley, Brad Hecht or Jim Olson, as applicable, and such agreements shall be in full force and effect.

(i) Tax Certificate. The Company shall have delivered to Parent a certificate, signed under penalty of perjury and in form and substance as required under Section 897 and Section 1445 of the Code and Section 1.897-2(h) of the Treasury Regulations, stating that an interest in the Company is not a "United States real property interest" as such term is defined in Section 897 of the Code.

(j) Employer Protection Agreements. The Company shall have delivered to Parent Employer Protection Agreements executed by the Persons set forth on Section 7.09 of the Company Disclosure Letter, substantially in the form attached hereto as Exhibit E, and such agreements shall be in full force and effect.

(k) Termination of Liens. The Company shall have delivered to Parent releases and/or other termination documents (and evidence that each has been duly recorded with the appropriate Governmental Authority, including the United States Trademark and Patent Office and United States Copyright Office) necessary to terminate, release or assign, as the case may be, the Comerica Bank security interest or any other Lien (other than Permitted Liens) in any Company Intellectual Property owned by the Company.

(l) Warrants. Each of the holders of the warrants listed in Section 3.02(a) of the Company Disclosure Letter shall have surrendered and released all of their rights under their respective warrants.

(m) Management Rights Agreement. The Company shall have delivered to Parent evidence that the Management Rights Letter dated January 30, 2004, from the Company to Venture Strategy Partners II, LP and Venture Strategy Affiliates Fund, LP, has been terminated.

Section 7.03 Additional Conditions Applicable to Company. The obligation of the Company to effect the Merger and the other transactions contemplated hereby is subject to the satisfaction at or prior to the Effective Time of the following additional conditions except, to the extent permitted by applicable Law, that such conditions may be waived in writing pursuant to Section 8.03 by the Company or the Shareholder Representative:

(a) Parent's and Merger Sub's Representations and Warranties. The representations and warranties set forth in Article IV shall be true and correct in all respects (without giving effect to any "materiality" or similar qualifiers set forth therein) at and as of the date hereof and at and as of the Closing Date as if made at and as of each such time (except for those representations and warranties expressly made as of a particular date, which shall be true and correct as of such date).

(b) Parent's and Merger Sub's Agreements and Covenants. The Parent and the Merger Sub shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Effective Time.

(c) Officer's Certificate. The Company shall have received a certificate signed on behalf of an executive officer of Parent confirming the satisfaction of the conditions set forth in Section 7.03(a) and Section 7.03(b).

## ARTICLE VIII

### TERMINATION

Section 8.01 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether prior to or after the Company Requisite Approval is obtained (except as noted), as applicable:

(a) by mutual written consent duly authorized by Parent and the Company;

(b) by either the Company or Parent if the Merger shall not have been consummated by May 31, 2010, unless extended by agreement of the Company and Parent; provided, however, that the right to terminate this Agreement under this Section 8.01(b) shall not be available to any party whose action or failure to act has been a principal cause of or resulted in the failure of the Merger to occur on or before such date if such action or failure to act constitutes a breach of any provision of this Agreement;

(c) by either the Company or Parent if a Governmental Authority shall have issued a non-appealable final Order or taken any other action having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger;

(d) by the Company, upon a breach of any covenant or agreement on the part of Parent or the Merger Sub set forth in this Agreement, or if any representation or warranty of Parent or the Merger Sub shall have been untrue when made or shall have become untrue, in either case such that the conditions set forth in Section 7.03(a) or Section 7.03(b), above, as the case may be, would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue; and

(e) by Parent, upon a breach of any covenant or agreement on the part of the Company set forth in this Agreement, or if any representation or warranty of the Company shall have been untrue when made or shall have become untrue, in either case such that the conditions set forth in Section 7.02(a) or Section 7.02(b), above, as the case may be, would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue.

Section 8.02 Notice of Termination; Effect of Termination. Any termination of this Agreement under Section 8.01, above, will be effective immediately upon the delivery of written notice thereof by the terminating party to the other party. In the event of termination of this Agreement as provided in Section 8.01, above, this Agreement shall be of no further force or effect, with no liability of

any party to the other parties, except (i) the provisions set forth in the last sentence of Section 5.04, above, this Section 8.02 and Article X below, shall survive the termination of this Agreement indefinitely, (ii) the provisions of the Confidentiality Agreements shall survive the termination of this Agreement (subject to the time period set forth therein), and (iii) nothing herein shall relieve any party from liability for any intentional or willful breach of this Agreement.

Section 8.03 Waiver. At any time prior to the Effective Time, the parties hereto may, in a signed writing, to the extent permitted by applicable Law, (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies by the other parties hereto in the representations and warranties contained herein or in any document delivered pursuant hereto and (iii) waive compliance by the other parties hereto with any of the agreements or conditions contained herein.

## ARTICLE IX INDEMNIFICATION

### Section 9.01 Survival.

(a) Representations and Warranties. The respective representations and warranties set forth in this Agreement shall survive the Closing and will remain in full force and effect thereafter until March 31, 2011, except that any representation or warranty that would otherwise terminate shall continue to survive if a notice of a claim shall have been timely given in good faith based on facts reasonably expected to establish a valid claim under this Article IX on or prior to such termination date, until the related claim for indemnification has been satisfied or otherwise resolved as provided in this Article IX; provided, however, that (i) the representations and warranties set forth in Section 3.10 and Section 3.16 shall survive the Closing and will remain in full force and effect thereafter until ninety (90) calendar days following the expiration of the applicable statute of limitations with respect thereto and (ii) the representations and warranties set forth in Section 3.01, Section 3.02, Section 3.04, Section 4.01, Section 4.02 and Section 4.07 (together, the "Fundamental Representations") shall survive indefinitely.

(b) Covenants and Agreements. All covenants and agreements to be performed in their entirety prior to the Closing Date shall terminate upon the Closing except as expressly provided herein. All covenants and agreements to be performed in whole or in part after the Closing Date shall survive in accordance with their terms.

### Section 9.02 Indemnification by the Shareholders.

(a) Indemnification by the Shareholders. Subject to the other provisions of this Article IX, from and after the Effective Time, the Shareholders, in accordance with their respective Pro Rata Interests, shall indemnify, defend and hold harmless Parent and its Subsidiaries (for avoidance of doubt, including the Surviving Entity and its Subsidiaries), and their respective directors, officers, employees, agents, attorneys and consultants and their successors and assigns (the "Parent Indemnified Parties") from and against any and all Losses incurred or suffered by any such Parent Indemnified Parties directly or indirectly as a result of, with respect to, arising from or in connection with:

(i) any misrepresentation or breach of any representation or warranty contained in Article III of this Agreement (disregarding for this purpose any materiality or "Company Material Adverse Effect" qualification contained therein other than with respect to Section 3.07(i));



(ii) any breach of or any failure to perform any covenant or agreement of the Company set forth in this Agreement; and

(iii) all Pre-Closing Taxes, to the extent they exceed the amounts reserved for Pre-Closing Taxes in the Closing Date Statement.

(b) Limitations. The Shareholders shall be required to indemnify and hold harmless pursuant to Section 9.02(a) with respect to Losses incurred by Parent Indemnified Parties only to the extent the aggregate Losses exceed Five Hundred Thousand Dollars (\$500,000) (the "Basket"), whereupon the Shareholders shall then be liable for all Losses; provided, that the maximum aggregate liability of the Shareholders to all Parent Indemnified Parties taken together for all Losses pursuant to Section 9.02(a) shall not exceed the Holdback Amount *plus* the amount of any Earn-Out Consideration, if any, earned (the "Indemnification Cap"). Notwithstanding the foregoing, (i) the Basket and Indemnification Cap shall not apply to claims that relate to a breach or inaccuracy of the Fundamental Representations; provided, that the aggregate amount required to be paid by any Shareholder in respect of indemnification resulting from a breach or inaccuracy of the Fundamental Representations shall not exceed the Merger Consideration; and (ii) the Basket shall not apply to claims that relate to a breach or inaccuracy of the representations and warranties set forth in Section 3.16 or Claims under Section 9.02(a)(iii).

(c) Pro Rata. In the event that the Shareholders are or become liable under this Article IX in an amount that exceeds the Indemnification Cap, each Shareholder shall be liable for his, her or its *pro rata* portion of such amount in accordance with their respective Pro Rata Interest, subject to the other limitations set forth in this Agreement.

Section 9.03 Indemnification by Parent. Subject to the other provisions of this Article IX, from and after the Effective Time, Parent shall indemnify, defend and hold harmless the Securityholders (the "Securityholder Indemnified Parties") from and against any and all Losses incurred or suffered by any such Securityholder Indemnified Parties directly or indirectly as a result of, with respect to, arising from or in connection with: (a) any misrepresentation or breach of any representation or warranty of Parent or Merger Sub set forth in Article IV of this Agreement; or (b) any breach of or any failure to perform any covenant or agreement of Parent or Merger Sub set forth in this Agreement.

Section 9.04 Miscellaneous.

(a) No Indemnified Party shall be entitled to recover more than the full amount of any Loss incurred by such Indemnified Party under the provisions of this Agreement in respect of any such Loss. Without limiting the generality of the foregoing, the amount of any Losses subject to indemnification under Section 9.02 shall be reduced by the amounts actually recovered by the Indemnified Party (or its related Persons) incurring such Loss under applicable insurance policies with respect to claims related to such Losses.

(b) The waiver by any party hereto of any conditions set forth in Article VII will not affect or limit the provisions of this Article IX in any manner.

(c) Except as otherwise payable pursuant to a Third Party Claim, no Indemnifying Party shall be liable pursuant to Section 9.02 to any Indemnified Party for any consequential, incidental or punitive Losses or Losses for lost profits.

(d) For avoidance of doubt, the Shareholders shall not be responsible for any payments made to any Dissenting Shareholders in excess of the Dissenting Shareholder Payment Amount

or for any associated or related costs or expenses of the Company incurred in connection with negotiations and Proceedings relating to the Dissenting Shares or the fair value thereof.

Section 9.05 Claims.

(a) Notice of Claim. Promptly after the receipt by a Parent Indemnified Party or a Securityholder Indemnified Party, as appropriate (the "Indemnified Party"), of a notice of any claim, action, suit or proceeding by any third party (a "Third Party Claim") or upon becoming aware of any other facts, circumstances or events, in either case that would reasonably give rise to a right to indemnification pursuant to this Article IX, such Indemnified Party shall give written notice of such claim to the indemnifying party hereunder (the "Indemnifying Party"), stating the nature and basis of the claim and the amount thereof, to the extent known, along with copies of the relevant documents evidencing the claim and the basis for indemnification sought. Failure of the Indemnified Party to give such notice shall not relieve the Indemnifying Party from liability on account of such indemnification, except if (and then only) to the extent that the Indemnifying Party is actually prejudiced thereby. Thereafter, the Indemnified Party shall promptly deliver to the Indemnifying Party copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim or such other claim.

(b) Assumption of Defense of Third Party Claims. The Indemnifying Party shall have the right to assume control of the defense of the Indemnified Party against any Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party and control the defense of such Third Party Claim (x) if it elects to do so within twenty (20) Business Days following receipt of the notice with respect thereto and (y) so long as the Indemnifying Party conducts such defense actively and diligently. The Indemnifying Party may not assume control of the defense of a Third Party Claim (or shall not be required to assume control of a Third Party Claim) if the Third Party Claim of which it seeks to assume control (or has assumed control) (i) seeks non-monetary relief; (ii) if determined adversely to the Indemnified Party, could, in the reasonable judgment of the Indemnified Party, have a material adverse effect on such Indemnified Party; (iii) involves criminal or quasi-criminal allegations; (iv) involved a claim which the Indemnifying Party failed or is failing to vigorously prosecute or defend; or (v) involves a claim that is reasonably expected to result in Losses to the Indemnified Party in excess of the Indemnifying Party's indemnification obligation hereunder in light of the limitations set forth in this Article IX. The Indemnifying Party shall not, in the defense of such Third Party Claim, consent to the entry of any judgment (other than a judgment of dismissal on the merits without costs) or enter into any settlement without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld, delayed or conditioned, unless (1) there is no finding or admission of any violation of any applicable Law, (2) the sole relief provided is monetary damages that are reimbursed in full as indemnified Losses and (3) the settlement shall include the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect to such claim or litigation. If the Indemnifying Party assumes the defense of a Third Party Claim, the Indemnified Party shall be entitled to participate in the defense of the claim, but the Indemnified Party shall bear the fees and expenses of any counsel retained by it to participate in its defense unless either of the following apply: (A) the employment of such counsel has been authorized in writing by the Indemnifying Party or (B) the Indemnifying Party's legal counsel has advised the Indemnifying Party in writing, with a copy to the Indemnified Party, that there is a conflict of interest that would make it inappropriate under applicable standards of professional conduct to have common counsel. If either clause (A) or (B) in the immediately preceding sentence is applicable, then the Indemnified Party may employ separate counsel at the expense of the Indemnifying Party to represent the Indemnified Party, but in no event shall the Indemnifying Party be obligated to pay the reasonable costs and expenses of more than one such separate counsel for any one Third Party Claim. If the Indemnifying Party elects not to assume control of the defense of an action contemplated by this Article IX within the manner contemplated above, or, if control of the defense of such action is assumed by the Indemnifying Party, the Indemnifying Party fails to conduct the defense actively and diligently, (1)

the Indemnified Party may defend against the action in any manner it reasonably may deem appropriate; provided, however, that the Indemnified Party shall consult with the Indemnifying Party in connection therewith; (II) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the reasonable costs of defending against the action (including reasonable attorneys' fees and expenses) to the extent such costs are Losses for which the Indemnified Party is entitled to indemnification therefor hereunder; and (III) the Indemnifying Party will remain responsible for any costs the Indemnified Party may incur resulting from the action to the extent such costs are Losses for which the Indemnified Party is entitled to indemnification therefor hereunder.

**Section 9.06 Payment.** If an Indemnified Party desires to seek indemnification under this Article IX, the Indemnified Party shall give reasonably prompt written notice to the Indemnifying Party specifying the facts constituting the basis for such claim and the amount, to the extent known, of the claim asserted. Until the end of the applicable survival period specified in Section 9.01, no delay on the part of an Indemnified Party in giving a notice of claim will relieve the Indemnifying Party from any of its obligations under Article IX unless (and then only to the extent) that the Indemnifying Party is prejudiced thereby. In the event that, within the thirty (30) day period after a notice of claim is received by the Indemnifying Party, the Indemnifying Party does not contest such claim in writing to the Indemnified Party as provided in this Section 9.06, the Indemnifying Party will be conclusively deemed to have consented to the recovery by the Indemnified Party of the full amount of Loss specified in the notice in accordance with this Article IX. If the Indemnifying Party disputes such claim for indemnification, it shall notify the Indemnified Party within thirty (30) days after its receipt of the notice of such claim for indemnification, whereupon the Indemnified Party and the Indemnifying Party shall meet and attempt in good faith to resolve their differences with respect to such claim for indemnification. If the dispute has not been resolved within thirty (30) days after such parties first met to attempt a resolution, either the Indemnifying Party or the Indemnified Party may initiate litigation in accordance with Article X of this Agreement. In the event that the Indemnifying Party disputes a claim by an Indemnified Party, then such disputed claim will be resolved by either (i) a written settlement agreement executed by the Indemnified Party, on the one hand, and Indemnifying Party, on the other hand, or (ii) in the absence of such a written settlement agreement, by such litigation. The Shareholder Representative shall be the Person to receive notices and make decisions in accordance with the procedures set forth in Section 9.06.

**Section 9.07. Adjustments to Merger Consideration.** The Company, Parent, the Surviving Entity and the Securityholders agree to treat each indemnification payment pursuant to this Article IX as an adjustment to the consideration to be issued pursuant to the Merger for all Tax purposes and shall take no position contrary thereto unless required to do so by applicable Tax Law pursuant to a determination as defined in Section 1313(a) of the Code.

**Section 9.08 Sole and Exclusive Remedy.** Except (i) as otherwise provided below, (ii) any post-Closing payments owed or made pursuant to Section 2.14 and (iii) with respect to the matters governed by Section 6.09, the indemnification provided for in this Article IX, subject to the limitations set forth herein or therein, shall be the exclusive post-Closing remedy available to any Indemnified Party in connection with any Losses arising out of the matters set forth in this Agreement or the transactions contemplated hereby; provided, however, that nothing herein will limit in any way any such Indemnified Party's (A) remedies in respect of fraud or willful breach of any representation, warranty, covenant or agreement herein, or (B) rights hereunder to injunctive or other equitable relief to enforce its rights under this Agreement or in connection with the transactions contemplated hereby.

**ARTICLE X**

**GENERAL PROVISIONS**

**Section 10.01 Notices.** All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed given and received when delivered personally, three (3) Business Days after being mailed by registered or certified mail (postage prepaid, return receipt requested), one (1) Business Day after being delivered by an express courier (with confirmation), or when sent by facsimile (with confirmation), in each case to the parties at the following addresses or facsimile numbers, as the case may be (or at such other address or facsimile number for a party as shall be specified by like changes of address or facsimile number) and shall be effective upon receipt:

If to the *Company*:

with copies (which shall not constitute notice) to:

244 First Avenue N.  
Minneapolis, MN 55401  
Attention: Daniel Frawley  
Facsimile: (651) 305-7290

if to the *Shareholder Representative*:

Walden VC LLC  
750 Battery Street  
San Francisco, CA 94111  
Attention: Matt Miller  
Facsimile: (415) 391-7262

with copies (which shall not constitute notice) to:

Maslon Edelman Borman & Brand, LLP  
3300 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, MN 55402  
Attention: Terri Krivosha  
Facsimile: (612) 642-8340

if to Parent or Merger Sub, to:

Corporate Executive Board  
1919 N. Lynn Street  
Arlington, VA 22209  
Attention: Jesse Levin  
Facsimile: (571) 303-3100

with copies (which shall not constitute notice) to:

Kirkland & Ellis LLP  
655 Fifteenth Street, N.W.  
Washington, D.C. 20005-5793

Attention: Mark D. Director, Esq.  
Facsimile: (202) 879-5200

Section 10.02 Further Assurances. The parties agree (a) to furnish upon request to each other such information, (b) to execute and deliver to each other such other documents, and (c) to do such acts and things, all as the other parties may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

Section 10.03 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 10.04 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to either party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

Section 10.05 Entire Agreement. This Agreement (including the documents and instruments referred to in this Agreement) constitutes the entire agreement of the parties and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and is not intended to confer upon any other Person any rights or remedies hereunder.

Section 10.06 Assignment. This Agreement shall not be assigned by operation of Law or otherwise, except that Parent and Merger Sub may assign all or any of their respective rights hereunder and thereunder to any Affiliate.

Section 10.07 Parties in Interest. Subject to Section 10.06, above, this Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.08 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Delaware, without regard to its conflicts of laws provisions (except to the extent that the MBCA is mandatorily applicable).

Section 10.09 Company Disclosure Letter, Representations and Warranties. Any event or condition specifically disclosed in any section of the Company Disclosure Letter in a manner that makes its relevance to another section of such letter apparent on the face of such disclosure shall be deemed included in such other section. Parent and Merger Sub acknowledge and agree that: (i) the Company has not made any representations or warranties other than as specifically set forth in this Agreement or any certificate or other document delivered pursuant to this Agreement; (ii) neither Parent nor Merger Sub is relying on any representation or warranty other than those set forth in this Agreement or any certificate or other document delivered pursuant to this Agreement; and (iii) Parent and Merger Sub have had ample opportunity to conduct due diligence on the Company. Except as set forth in this Agreement or any certificate or other document delivered pursuant to this Agreement, the Company disclaims all other representations and warranties of any kind, including without limitation any financial projections or future prospects of the Company.

**Section 10.10 Enforcement.** The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, in addition to any other remedy to which they are entitled at law or in equity. The parties hereby (i) submit to the jurisdiction of any federal or state court sitting in the State of Delaware, (ii) agree not to object to venue in such courts or to claim that such forum is inconvenient, and (iii) agree that notice or the service of process in any Proceeding shall be properly served or delivered if delivered in the manner contemplated by Section 10.01 hereof. Except as otherwise set forth herein, all rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available under applicable Law.

**Section 10.11 Amendments.** No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Parent, Merger Sub, the Company and the Shareholder Representative (on behalf of the Shareholders).

**Section 10.12 Counterparts.** This Agreement may be executed in two (2) or more counterparts and by exchange of original, facsimile and/or Portable Document Format (a/k/a ".PDF") signature pages, all of which shall be considered one and the same agreement and shall become effective when counterparts of such signature pages have been signed by each of the parties and delivered to the other parties, it being understood that each party need not sign the same counterpart signature page.

**Section 10.13 Interpretation.** When a reference is made in this Agreement to Articles, Sections, Exhibits or Annexes, such reference will be to an Article or Section of or Exhibit or Annex to this Agreement unless otherwise indicated. The table of contents contained in this Agreement is for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they will be deemed to be followed by the words "without limitation." Unless the context otherwise requires (i) "or" is disjunctive but not necessarily exclusive, (ii) words in the singular include the plural and vice versa, (iii) the use in this Agreement of a pronoun in reference to a party hereto includes the masculine, feminine or neuter, as the context may require, and (iv) terms used herein that are defined in GAAP have the meanings ascribed to them therein. No provision of this Agreement will be interpreted in favor of, or against, either of the parties to this Agreement by reason of the extent to which either such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof, and no rule of strict construction will be applied against either party hereto. The Company Disclosure Letter, as well as all Exhibits and the Annex hereto, shall be deemed part of this Agreement and included in any reference to this Agreement. This Agreement will not be interpreted or construed to require either party to take any action, or fail to take any action, if to do so would violate any applicable Law. References to the "other party" or "either party" will be deemed to refer to the Company, Parent or the Merger Sub, as the case may be. References herein to "ordinary course of business" shall be deemed to include "in a manner consistent with past practices."

**Section 10.14 Dispute Resolution.** Any dispute among the parties hereto arising on or after the Closing Date, other than any dispute with respect to the calculation of the Working Capital Adjustment arising under Section 2.14, which shall be resolved in accordance with Section 2.14, shall be resolved in accordance with the arbitration provisions of this Section 10.14 set forth below:

(a) The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement or the breach, termination or validity thereof promptly by negotiation between executives who have authority to settle the controversy. Any party may give the other written notice that a dispute exists (a "Notice of Dispute"). The Notice of Dispute shall include a statement of such party's

position. Within 20 Business Days of the delivery of the Notice of Dispute, executives of both parties shall meet at a mutually acceptable time and place, and thereafter as long as they both reasonably deem necessary, to exchange relevant information and attempt to resolve the dispute. If the matter has not been resolved within 45 days of the disputing party's Notice of Dispute, or if the parties fail to meet within 20 days, either party may initiate arbitration of the controversy or claim as provided hereinafter.

(b) If a negotiator intends to be accompanied at a meeting by an attorney, the other negotiator shall be given at least three working days' notice of such intention and may also be accompanied by an attorney. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence.

(c) Any controversy or claim arising out of or relating to this Agreement or the breach, termination or validity thereof, or the Contemplated Transactions, if not settled by negotiation as provided above in Section 10.14(a), shall be settled by arbitration in Chicago, IL, in accordance with the CPR Rules for Non-Administered Arbitration of Business Disputes, by three arbitrators. Each party shall choose one arbitrator and the two arbitrators so chosen shall choose a third arbitrator. The arbitrators shall be appointed as provided by CPR Rule 5, Selection of Arbitrators. The arbitration procedure shall be governed by the United States Arbitration Act, 9 U.S.C. §1-16, and the award rendered by the arbitrators shall be final and binding on the parties and may be entered in any court having jurisdiction thereof.

(d) Each party shall have discovery rights as provided by the Federal Rules of Civil Procedure within the limits imposed by the arbitrators; provided, however, that all such discovery shall be commenced and concluded within 90 days of the selection of the third arbitrator.


(e) It is the intent of the parties that any arbitration shall be concluded as quickly as reasonably practicable. Unless the parties otherwise agree, once commenced, the hearing on the disputed matters shall be held four days a week until concluded, with each hearing date to begin at 9:00 a.m. and to conclude at 5:00 p.m. The arbitrator shall use all reasonable efforts to issue the final award or awards within a period of five Business Days after closure of the proceedings. Failure of the arbitrator to meet the time limits of this Section 10.14 shall not be a basis for challenging the award.

(f) The arbitrators shall instruct the non-prevailing parties to pay all costs of the proceedings, including the fees and expenses of the arbitrators and the reasonable attorneys' fees and expenses of the prevailing parties. If the arbitrators determine that there is not a prevailing party, each party shall be instructed to bear its own costs and to pay one-half of the fees and expenses of the arbitrators.

[Signatures follow.]

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

THE CORPORATE EXECUTIVE BOARD  
COMPANY

By:   
Print Name: Thomas L. Monahan III  
Title: Chairman and Chief Executive Officer

NLS ACQUISITION CORP.

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

TRADEMARK

REEL: 005432 FRAME: 0226



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

THE CORPORATE EXECUTIVE BOARD  
COMPANY

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

NLS ACQUISITION CORP.

By: \_\_\_\_\_  
Print Name: Joyce Liu  
Title: Director

ICONOCULTURE, INC.

By:   
Print Name: Dan Frawley  
Title: Chief Executive Officer

WaldenVC, LLC

By: \_\_\_\_\_  
solely in its capacity as the Shareholder Representative

*Signature Page  
Agreement and Plan of Merger*

TRADEMARK

REEL: 005432 FRAME: 0228

ICONOCULTURE, INC.

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

WaldenVC, LLC

By: Walt Wald  
solely in its capacity as the Shareholder Representative

TRADEMARK

REEL: 005432 FRAME: 0229

**AMENDMENT TO  
AGREEMENT AND PLAN OF MERGER**

THIS AMENDMENT TO AGREEMENT AND PLAN OF MERGER, dated as of May 7, 2010 (this "Amendment"), is entered into by and among The Corporate Executive Board Company, a Delaware corporation (the "Parent"), NLS Acquisition Corp., a Minnesota corporation (the "Merger Sub"), Iconoculture, Inc., a Minnesota corporation (the "Company"), and WaldenVC, LLC, a California limited liability company, in its capacity as the Shareholder Representative.

**RECITALS**

WHEREAS, the parties previously entered into that certain Agreement and Plan of Merger, dated as of April 30, 2010 (the "Merger Agreement"); and

WHEREAS, the parties wish to document their agreement to exclude certain professional fees incurred in connection with the Merger Agreement and the transactions contemplated thereby from the definition of "Total Expenses" used in determining the Cash Contribution performance of the Company for the fiscal year ended December 31, 2010 for purposes of calculating the Earn-Out Consideration, if any, to which shareholders of the Company will be entitled pursuant to the Merger Agreement, in the form of this Amendment;

NOW, THEREFORE, in consideration of the foregoing recitals and the representations, warranties, covenants and agreements contained herein, and subject to the terms and conditions set forth herein, the Company, Shareholder Representative, Parent and the Merger Sub hereby agree as follows:

1. The definition of "Total Expenses" contained in Appendix A to Agreement and Plan of Merger is amended to read in its entirety as follows:

"Total Expenses" means total operating expenses incurred by the Company for 2010 excluding: (a) the Company Transaction Costs; (b) all severance expenses associated with personnel set forth on Section 2.15 of the Company Disclosure Letter; (c) the aggregate amount of all fees (and, if applicable, reimbursement of expenses) due to all legal and accounting advisors of the Company and those employees of the Company who have negotiated employment agreements with the Surviving Company, including Maslon, Edelman, Borman & Brand, LLP, legal counsel to the Company, and Briggs & Morgan, legal counsel to such employees, incurred by the Company and/or such employees in connection with the transactions contemplated hereby; provided, however, that if such amounts exceed \$185,000 then all amounts in excess of \$185,000 shall be included in Total Expenses calculation; (d) any bonus payments that the Parent approves, in its sole discretion, that are awarded or paid to Company employees during the Earn-Out Period; and (e) any expense incurred or recognized in connection with the vesting, exercise, conversion or cancellation of any warrants or stock options outstanding immediately prior to the consummation of the Merger.

2. Except as set forth above, no other terms and conditions of the Merger Agreement shall be altered by this Amendment.

3. This Amendment shall be considered a part of the Merger Agreement and is being entered into subject to all of the terms and conditions of the Merger Agreement, specifically including but not limited to Sections 10.05, 10.08 and 10.12 thereof.


727747

IN WITNESS WHEREOF, the parties have caused this Amendment to Agreement and Plan of Merger to be executed as of the date first set forth above.

THE CORPORATE EXECUTIVE BOARD  
COMPANY

By:   
Print Name: Tom Monahan  
Title: CEO

NLS ACQUISITION CORP.

By:   
Print Name: Joyce Liv  
Title: Chief Financial Officer

ICONOCULTURE, INC.

By: *Don Frawley*  
Print Name: Don Frawley  
Title: CEO

WaldenVC, LLC

By: \_\_\_\_\_  
solely in its capacity as the Shareholder Representative

TZT147

ICONOCULTURE, INC.

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

WaldenVC, LLC

By: Walden VC  
solely in its capacity as the Shareholder Representative

18741

TRADEMARK

REEL: 005432 FRAME: 0233

**ARTICLES OF INCORPORATION  
OF  
ICONOCULTURE, INC.**

**ARTICLE I**

The name of this Corporation is Iconoculture, Inc.

**ARTICLE II**

The registered office of this Corporation is CT Corporation located at 100 S. Fifth St., Suite 1075, Minneapolis, MN 55402.

**ARTICLE III**

This Corporation is authorized to issue an aggregate total of one hundred (100) shares, all of which shall be designated Common Stock, having a par value of \$0.01 per share.

**ARTICLE IV**

No shareholder of this Corporation shall have any cumulative voting rights.

**ARTICLE V**

No shareholder of this Corporation shall have any preemptive rights by virtue of Section 302A.413 of the Minnesota Statutes (or similar provisions of future law) to subscribe for, purchase, or acquire any shares of the Corporation of any class, whether unissued or now or hereafter authorized, or any obligations or other securities convertible into or exchangeable for any such shares.

**ARTICLE VI**

Any action required or permitted to be taken at a meeting of the Board of Directors of this Corporation not needing approval by the shareholders under Minnesota Statutes, Chapter 302A, may be taken by written action signed, or consented to by authenticated electronic communication, by the number of directors that would be required to take such action at a meeting of the Board of Directors at which all directors were present.

**ARTICLE VII**

To the fullest extent permitted by applicable law, a director shall have no personal liability to the Corporation or its shareholders for breach of fiduciary duty as a director. Any amendment to or repeal of this Article VII shall not adversely affect any right or protection of a director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. If such applicable laws are hereafter amended to authorize



the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation in addition to the limitation on personal liability provided herein shall be limited to the fullest extent permitted by such laws, as amended. Any repeal or modification of this Article by the shareholders of the Corporation shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

STATE OF MINNESOTA  
DEPARTMENT OF STATE  
FILED  
MAY 07 2010  
*Mark N. Riecke*  
Secretary of State