

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 15, 2015



**RICHARDSON ELECTRONICS, LTD.**

(Exact name of registrant as specified in charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-12906**  
(Commission  
File Number)

**36-2096643**  
(IRS Employer  
Identification No.)

**40W267 Keslinger Road, P.O. Box 393, LaFox, Illinois**  
(Address of principal executive offices)

**60147-0393**  
(Zip Code)

**Registrant's telephone number, including area code: (630) 208-2200**

(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

### **Item 1.01 Entry into a Material Definitive Agreement.**

The information provided in Item 2.01 of this Current Report on Form 8-K is hereby incorporated by reference into this item 1.01.

### **Item 2.01 Completion of Acquisition or Disposition of Assets.**

On June 15, 2015, Richardson Electronics, Ltd (“the Company”), acquired certain assets of International Medical Equipment and Services, Inc. (“IMES”), pursuant to the terms of the Purchase Agreement (“Agreement”).

IMES, based in South Carolina, provides reliable, cost-saving solutions worldwide for major brands of CT and MRI equipment. Annual sales of IMES are approximately \$10 million. This acquisition positions Richardson Healthcare to provide cost effective diagnostic imaging replacement parts and training to hospitals, diagnostic imaging centers, medical institutions, and independent service organizations. IMES offers an extensive selection of replacement parts, as well as an interactive training center, on-site test bays and experienced technicians who provide 24/7 customer support. Replacement parts are readily available and triple tested to provide peace of mind when uptime is critical. IMES core operations will remain in South Carolina. Richardson Healthcare will expand IMES' replacement parts and training offerings geographically leveraging the Company's global infrastructure.

The consideration paid by the Company to IMES at closing was \$12.2 million in cash. This includes the purchase of inventory, receivables, fixed assets, and certain other assets of the company. The total consideration paid excludes transaction costs and is subject to certain post-close adjustments.

A form of the Agreement is filed herewith as Exhibit 2.1. The foregoing description is not complete and is qualified in its entirety by reference to Exhibit 2.1, which is incorporated herein by reference.

In connection with the Agreement, the Company also entered into an Employment, Non-Disclosure, and Non-Compete Agreement (“Employment Agreement”) with Lee A. McIntyre III as the Company's Executive Vice President, IMES. During the term of his employment, Mr. McIntyre will earn an annual base salary of \$300,000. In addition to his base salary, he will be entitled to an annual bonus equal to 20% of the EBITDA of IMES provided that the EBITDA of the business is at least \$2.0 million inclusive of the bonus payment. The annual bonus payment will terminate after five years.

A form of the Employment Agreement is filed herewith as Exhibit 10.1. The foregoing description of the Employment Agreement is not complete and is qualified in its entirety by reference to Exhibit 10.1, which is incorporated herein by reference.

### **Item 9.01 Financial Statements and Exhibits.**

#### **(a) Financial Statements and Exhibits.**

The financial statements required by Item 9.01(a) of Form 8-K will be filed by amendment no later than 71 calendar days after the date this Current Report on Form 8-K was required to be filed.

#### **(b) Pro Forma Financial Information.**

The pro forma financial information required by Item 9.01(b) of Form 8-K will be filed by amendment no later than 71 calendar days after the date this Current Report on Form 8-K was required to be filed.

#### **(d) Exhibits.**

Exhibit 2.1 Purchase Agreement between the Company and International Medical Equipment & Services, Inc. dated June 15, 2015.

Exhibit 10.1 Employment, Nondisclosure and Non-compete Agreement between the Company and Lee A. McIntyre III dated June 15, 2015.

Exhibit 99.1 Press Release of the Company dated June 16, 2015.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RICHARDSON ELECTRONICS, LTD.

Date: June 17, 2015

By: /s/ Edward J. Richardson  
Name: Edward J. Richardson  
Title: Chairman of the Board and Chief Executive Officer

## PURCHASE AGREEMENT

This Purchase Agreement (this “Agreement”) is dated June 15, 2015 (the “Closing Date”) by and among Richardson Electronics, Ltd., a Delaware corporation (hereinafter called “Buyer”), and International Medical Equipment & Services, Inc., a North Carolina corporation (hereinafter called the “Seller” or “IMES”), and Lee A. McIntyre III (“Trey”), Lee A. McIntyre, Jr. (“Lee”) and Delburn Ezell (“Ezell”), the owners of all of the outstanding stock of Seller (hereinafter called the “Shareholders”).

The parties hereto desire that the Seller sell, transfer, convey and assign all of the Purchased Assets (as defined below) used in connection with the Seller’s business, which business consists of the sale of replacement parts, service, refurbishment, technical support and equipment for the diagnostic imaging market (the “Business”) as a going concern to the Buyer, and that the Buyer purchase the same, upon the terms and conditions hereinafter set forth:

NOW, THEREFORE, in consideration of the premises and the mutual covenants and representations and warranties hereinafter stated, the parties agree as follows:

1. Transfer of Assets and Related Transactions.

a. Transfer of Assets. On the terms and subject to the conditions of this Agreement, at the Closing, but effective as of the Effective Time, the Buyer shall purchase from the Seller and the Seller shall sell, transfer, convey and assign to the Buyer, except for those items provided for in Subsection 1(b) below, all of Seller’s assets and properties of every kind and description, wherever located, whether or not fully depreciated, written off or not included on Seller’s books and all rights relating to the Business whether arising by contract, law or otherwise, free and clear of all liens, pledges, encumbrances, security interests, rights of third parties and impairments (“Encumbrances”), except for such encumbrances set forth in Schedule 1(a) (“Permitted Encumbrances”), including, without limitation, the following assets and properties of the Seller:

i. All raw material, work in process, inventories of finished products, supplies, spare parts and shipping containers and materials of the Seller located on premises, in transit or elsewhere and all of Seller’s rights thereto, including, without limitation, the items set forth in Schedule 1(a)(i);

ii. Except for the items referred to in Subsection 1(b) below, all machinery, equipment, tools and other items of personal property owned by the Seller, including, without limitation, all fixtures, parts, supplies, furniture, furnishings and equipment, including, without limitation, the items set forth in Schedule 1(a)(ii);

iii. All rights of the Seller in, to and under all contracts, leases, distributor agreements, commitments, purchase and sales orders and other agreements, which are set forth in Schedule 1(a)(iii) (which are assignable or transferable);

iv. All accounts and notes receivable and unfilled purchase and sale orders of the Seller, billed and unbilled (including, without limitation, all accounts receivable arising from goods shipped prior to the Closing, even if the related invoices have not yet been issued, and those accounts receivable listed on the List of Receivables attached hereto as Exhibit A and made a part hereof);

v. All information technology systems, test equipment, and any and all similar property or rights used or useful or developed or acquired for use in connection with the Business or related to the Business, including, without limitation, the items set forth in Schedule 1(a)(v).

vi. The Seller's interest in the leases of personal property related to the Business, including, without limitation, those set forth in Schedule 1(a)(vi), together with all rights, privileges, prepaid rent, deposits and credits of the lessee under such leases, whenever accruing (herein collectively called the "Equipment Leases").

vii. All marketing or promotional designs, sales literature, brochures, advertisements, concepts, literature, rights against other Persons in respect of any of the foregoing and any other promotional assets used or useful or developed or acquired for use in connection with the Business (collectively, the "Promotional Rights").

viii. The right, title and interest of the Seller in and to its corporate name and all variants thereof, assumed names, trade names, "doing business as" names, trade or service marks, trade secrets or proprietary information, if any, as well as all formulas, know-how, patents, patent rights, patent applications, trademarks, service marks, trademark and service mark registrations and registration applications, trade names, trade name registrations, logos, trade dress, copyrights, copyright registrations, technology, know-how, trade secrets, inventions, models, processes, formulas, techniques, designs, licenses, pricing policies, information as to the identities or requirements of customers or potential customers, market information, market analyses, marketing plans, operating or management policies, procedures and forms, computer software and computer operating procedures and all other proprietary rights of the Seller used or useful or developed or acquired for use in the Business, the name "International Medical and Equipment Services" and the acronym "IMES", the Seller's phone numbers, fax numbers, e-mail addresses, internet address, domain names, websites and the like, including, without limitation, the items set forth in Schedule 1(a)(viii), (collectively, the "Proprietary Rights").

ix. The rights, remedies and claims (whenever arising) under contracts and agreements not fully performed prior to Closing, to which the Seller is a party and related to the Business.

x. Without limiting the generality of the foregoing, all rights, remedies and claims (whenever arising) of the Seller under Contracts with customers, suppliers, insurers or any other Person (whether or not set forth elsewhere in this Section 1 and whether or not similar to the things set forth elsewhere in this Section 1), and all notes, evidences of indebtedness, insurance proceeds, purchase orders and deposits and rights and claims to refunds and adjustments of any kind, owned by the Seller and relating to the Business.

xi. In addition to the rights and claims described in paragraph (x) above, all other rights, remedies, claims (whenever arising), judgments, all express and implied warranties, guarantees, rights of recovery, set-off or recoupment of any kind and any causes of action, whether known or unknown, of the Seller against third parties of any nature relating to the Business.

xii. All of the Seller's rights, remedies and claims (whenever arising) under insurance policies related to the Business (the "Insurance Policies").

xiii. All books and records of Seller (whether in written or other form) of any kind presently in or hereafter coming into the care, custody or control of the Seller (including any such records held by others on behalf of the Seller) relating to the Business including the past, present or future operation thereof, including, but not limited to, purchase and sales records, all records related to Seller's customers and vendors, all blueprints and specifications, personnel and labor relations records, records relating to environmental concerns, accounting and financial records, maintenance records, operating and management manuals, computer systems and software documentation, disks, tapes and other computer storage media and the information stored thereon, blank forms, blank checks and other blank instruments, fixtures and equipment and records (whether in written or other form) relating to the Promotional Rights or Proprietary Rights included in the Purchased Assets (as hereinafter defined).

xiv. All permits, licenses, franchises, concessions, consents, authorizations, approvals, registrations, ISO Certifications, filings and other similar acts of or made with any governmental, regulatory or self-regulatory agency held by the Seller and relating to the Business (collectively, "Permits") that may lawfully be assigned or transferred, including, without limitation, the items identified in Schedule 1(a)(xiv), subject, however, to any action by such governmental agency that may be required in connection with such assignment or transfer.

xv. All prepaid insurance, prepaid taxes, credits, deposits and other prepaid items or favorable balances of any kind in favor of the Seller and relating to the Business, to the extent any of such items may lawfully be assigned or transferred.

xvi. All goodwill of or associated with the Business.

xvii. All warranty rights, rights of action or choses in action relative to any of the above individual assets, properties and rights being transferred to Buyer pursuant to this Agreement.

xviii. If transferable, all bank accounts of Seller used for Seller's accounts receivable, specifically excluding any cash held in such bank accounts.

All other assets of the Seller of every kind, character and description as of the Closing, wherever located, whether or not set forth elsewhere in this Section 1 and whether or not similar to the things set forth elsewhere in this Section 1 used or useful or developed or acquired for use in, or related to, the Business. For convenience of reference, the assets, properties and rights to be transferred, conveyed and assigned to the Buyer are hereinafter collectively called the "Purchased Assets". It is expressly agreed that the acquisition of the Purchased Assets will not result in the assumption of or any obligation to discharge any obligation unless Buyer expressly assumes that obligation pursuant to the other provisions of this Agreement.

b. Assets Not Being Transferred. Notwithstanding anything to the contrary contained elsewhere in this Agreement, the Purchased Assets expressly do not include any of the following:

i. All employment contracts or rights, assets relating to employee benefits or plans of any kind or description and personnel and payroll records relating to Seller's employees;

ii. The items of machinery, equipment, furnishings and other property listed in Schedule 1(b)(ii) as being items to be retained by Seller;

iii. Seller's rights in and to the claims listed in Schedule 1(b)(iii);

iv. Any contracts, leases, distributor agreements, commitments, purchase and sales orders and other agreements of Seller, if any, which are not set forth in Schedule 1(a)(iii) (or are non-transferable) under which there is any remaining unexecuted liability or obligation of Seller, unless upon being advised of the same Buyer agrees, at its sole discretion, in writing to specifically accept such



contract, lease, distributor agreement, commitment, purchase or sales order or other agreement and assume Seller's obligation and liability thereunder;

v. Any cash on hand;

vi. The consideration to be received by the Seller under this Agreement or Seller's other rights under this Agreement or any of the documents to be executed and delivered in connection with this Agreement, including the Bill of Sale Assignment and Assumption Agreement and Intellectual Property Assignment and Assumption Agreement (the "Transaction Documents");

vii. The oral lease between IMES and LDL of South Carolina, LLC for the Office Property (as defined below) (and for purposes of clarification, Buyer acknowledges that the Office Property is owned by LDL of South Carolina, LLC and is not included in the Purchased Assets);

viii. All minute books, stock records and corporate seals;

ix. Any unissued shares of capital stock or capital stock held in treasury;

x. All claims of Seller for refund of Taxes, which claims relate to those tax periods prior to the date hereof;

xi. All life insurance policies of Seller;

xii. All bank statements, tax returns and information and any other records Seller is required by law to retain; and

xiii. The bank account of the Seller receiving the Purchase Price to be paid pursuant to this Agreement.

For convenience of reference, the assets, properties and rights not to be transferred, conveyed and assigned to the Buyer are hereinafter collectively called the "Excluded Assets".

c. Instruments of Conveyance and Transfer, Etc. At the Closing, the Seller shall deliver to the Buyer bills of sale, endorsements, assignments and other good and sufficient instruments of conveyance and transfer as shall be effective to vest in the Buyer the assets, properties, rights and business being transferred, conveyed and assigned hereunder. Simultaneously therewith, the Seller shall take all steps as may be requisite or reasonably requested to put the Buyer in possession and operating control of all such assets, properties, rights and business of the Seller.

d. Instruments Giving Certain Additional Powers and Rights; Further Assurances; Etc. Seller shall pay to the Buyer, if and when received, any amounts which

shall be received by the Seller after the Closing in respect to any receivables or other assets, properties, rights or business to be transferred, conveyed and assigned to the Buyer as provided herein. The Seller further agrees that, at any time and from time to time after the Closing, it will, upon the request of the Buyer and at the expense of the Seller, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged or delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney or assurances as may be required or reasonably requested for the effectuation of the intent of this Agreement or for the better transferring, assigning, conveying, granting, assuring and confirming to the Buyer, or for aiding and assisting in the collection of or reducing to possession by the Buyer, any of the assets, properties, rights or business being purchased hereunder or to vest in the Buyer good, valid and marketable title to such assets, properties, rights or Business.

2. Liabilities and Obligations.

a. Assumption of Liabilities, Contracts and Leases. At the Closing, Buyer shall, pursuant to an Assignment and Assumption Agreement in a form reasonably acceptable to Buyer and Company (the “Bill of Sale Assignment and Assumption Agreement”), and subject to the provisions of Section 9, assume and be responsible for paying or otherwise satisfying the following liabilities and obligations of Seller, and only the following liabilities and obligations of Seller:

xiv. [Reserved]

xv. [Reserved]

xvi. Any liability, not including any products liability of any kind, to Seller’s customers under warranty or return policies given by Seller to its customers in the ordinary course of business for any sales made prior to the Effective Time, 100% of the proceeds of which are received after the Effective Time, so long as such warranty or return policies are consistent with past practice and with the terms of warranty or return policies provided by the Seller in the ordinary course of business generally;

xvii. Any liability to pay AdVantage MRI Services 50% of the proceeds received after the Closing Date pursuant to the terms set forth in Schedule 1(a) that arise as the result of the sale and receipt of payment for equipment jointly owned by Seller and AdVantage MRI Services after the Effective Time, which equipment is specifically listed in Schedule 2(a)(iv);

xviii. Any liability arising after the Effective Time (for the avoidance of doubt, solely to the extent accrued and incurred following the Closing) under the contracts, leases, oral consignment contracts, distribution agreements,

commitments, purchase and sales orders and agreements, each as set forth in Schedule 1(a)(iii) that are being assigned to Buyer pursuant to Section 1(a)(iii) above which would not be in conflict with or a breach of Seller's representations and warranties and do not relate to any failure to perform, improper performance, warranty or other breach, default of violation by Seller on or prior to Closing;

xix. Any liability to fulfill orders by Seller's customers incurred by the Seller in the ordinary course of business, outstanding as of the Effective Time, set forth on Schedule 2(a)(vi) and which orders have not yet been paid for by customers directly or indirectly; and

xx. Any liability (x) described in items 2, 3, 4 (except any such trade-in letters excluded under Section 2(b)(xi)) or 6 listed in Schedule 2(a) or (y) otherwise described in Schedule 2(a) to the extent accrued and incurred solely following the Closing.

For convenience of reference, the liabilities and obligations of the Seller being assumed by the Buyer as aforesaid are hereinafter collectively called the "Assumed Liabilities".

b. Exclusion of Liabilities. Notwithstanding anything contained in this Agreement to the contrary, except for the Assumed Liabilities, the Buyer is not assuming, and will not assume, discharge or be liable for any other claims, charges, accrued or unaccrued expenses, known or unknown liabilities or obligations of the Seller or the Shareholders (regardless of whether relating to the Purchased Assets, and in each case, whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or un-liquidated and whether due or to become due, and will have no obligation (whether to the Seller or any other Person) to perform, and the Shareholders and the Seller, jointly and severally, will pay, perform, or otherwise discharge in accordance with their terms and remain responsible for, and will indemnify, hold harmless, and defend Buyer subject to the terms of Section 9 (to the extent applicable) from and against, each of the Excluded Liabilities, regardless of when asserted. Without limitation to the generality of the foregoing, such claims, charges, expenses, liabilities and obligations not assumed by Buyer shall include, without limitation:

i. Those liabilities and obligations of Seller, payable to one or more Shareholders or any other intercompany liabilities between Seller and one or more Shareholders or any person affiliated with the Seller or any Shareholder;

ii. All liabilities and obligations for federal, state and local taxes relating to the operation of the business of the Seller prior to the Closing or related to the transfer, conveyance and assignment of the Purchased Assets contemplated by this Agreement, including, without limitation, property, franchise, gross receipts, excise and income taxes;

iii. Subject to the provisions of Section 9 (to the extent applicable), all liabilities and obligations of the Seller to customers relating to sales, the proceeds of which are received prior to the Effective Time, with respect to credits due to customers or to alleged shortages and defects in goods delivered to customers or, as of the Closing, in transit to customers;

iv. Any liability to Seller's customers under warranty or return policies given by Seller to its customers in the ordinary course of business relating to sales, the proceeds of which are received prior to the Effective Time;

v. All liabilities and obligations of the Seller under this Agreement or with respect to or arising out of the transactions contemplated hereby;

vi. Subject to the provisions of Section 9, all liabilities and obligations of the Seller which violate any representation, warranty, covenant or agreement of the Seller or the Shareholders contained herein or in any document, instrument or certificate delivered by or on behalf of the Seller or Shareholders in connection herewith;

vii. All liabilities and obligations of Seller to its employees predecessors-in-interest to the Seller or otherwise, or to any such Person's spouses, children, other dependents or beneficiaries, with respect to incidents, events, exposures or circumstances (including the termination of employment by Seller as of the Closing Date) occurring at any time during the period or periods of any such Persons' employment by either the Seller or its affiliates or their respective predecessors-in-interest, whenever such claims mature or are asserted, including, without limitation, all liabilities arising (a) under any benefit plans of the Seller, (b) under any legal requirement relating to employment, wages and hours, equal opportunity, discrimination, plant closing or immigration and naturalization, (c) under any collective bargaining legal requirement, agreements or arrangements or (d) in connection with any workers' compensation or any other employee health, accident, disability or safety claims;

viii. All liabilities relating to, based upon events or conditions occurring or existing in connection with, or arising out of the Business as operated prior to the Closing Date, or the ownership, possession, use, operation or sale or other disposition prior to the Closing Date of the Purchased Assets (or any other assets, properties, rights or interests of the Seller or associated, at any time prior to the Closing Date, with the Purchased Assets) including, without limitation, liabilities related to (a) any injury to individuals or property as a result of the ownership, possession, maintenance, or use of the Purchased Assets (or other assets sold by Seller) prior to the Closing Date, (b) hazardous materials or environmental, health, and safety liabilities related to the Purchased Assets (or other assets sold by Seller), (c) claims

relating to employee health and safety, including claims for injury, sickness, disease or death of any Person, (d) any liabilities arising at any time as a result of either the Seller's lack of qualification or licensing in any jurisdiction in which it owned or leased assets, maintained sales personnel or conducted any business, including the distribution or sale of products, prior to the Closing Date, (e) any liabilities arising from Seller's infringement of any intellectual property rights or (f) compliance (or non-compliance) with any applicable legal, regulatory or similar requirement;

ix. Subject to the provisions of Section 9, all liabilities and obligations of the Seller with respect to litigation, suits, claims, demands or governmental proceedings for matters prior to Closing;

x. All liabilities and obligations of Seller with respect to contracts, leases, distribution agreements, commitments, purchase and sales orders and agreements of Seller, if any, which are not set forth in Schedule 1(a)(iii) and/or which are not transferred to Buyer as provided by Section 1(b)(iv) (it being understood for the avoidance of doubt that any obligations and liabilities of Seller with respect to contracts, leases, distribution agreements, commitments, purchase and sales orders and agreements of Seller relating to Reimbursable Equipment (except the payment obligations in respect of Reimbursable Equipment to the extent listed on Schedule 2(a)) shall be Excluded Liabilities (such Excluded Liabilities, "Reimbursable Equipment Liabilities"));

xi. All liabilities and obligations of Seller, including any accounts payable that represent an obligation to pay, with respect to contracts, leases, distributor agreements, commitments, purchase and sales orders and agreements being assigned to Buyer pursuant to Section 1(a)(iii) that are (a) not set forth on Schedule 1(a)(iii) together with (x) a description of regular or otherwise scheduled payment amounts thereunder or (y) the applicable agreement having been provided previously to the Buyer, or (b) in the case of any outstanding offers to purchase equipment from a trade-in desk involving amounts in excess of \$5,000, in excess of the amounts listed therefor on Schedule 1(a)(iii);

xii. All liabilities and obligations of the Seller for fees, costs and expenses relating to or arising out of the negotiation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, including, without limitation, legal and accounting fees and expenses, expenses incurred in satisfying the conditions contained herein and penalties and fees relating to or arising out of the prepayment of any long-term indebtedness or deferred income taxes; and

xiii. All liabilities and obligations of Seller with respect to any credit cards of the Seller, its employees or any of the Shareholders.

For convenience of reference, the liabilities and obligations of each of the Seller and Shareholder not being assumed by the Buyer as aforesaid in this Section 2(b) are hereinafter collectively called the “Excluded Liabilities”.

c. Bulk Sales and Liability Indemnity. Except for the Assumed Liabilities and subject to the provisions of Section 9, Buyer shall not be deemed to have assumed any obligation, indebtedness, liability or commitment (contractual or otherwise) of Seller. The parties hereto waive compliance with the provisions of any bulk sales, bulk transfer or similar laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Buyer. In consequence, Seller agrees to pay or otherwise discharge, in due course, all claims of creditors and taxes which could be asserted against Buyer by reason of such noncompliance. Seller agrees to indemnify Buyer, its parent and affiliated companies and successors and assigns, against, and to save them, and each of them, harmless of and from any loss, liability, cost, and expense, including reasonable attorneys’ fees, which may be sustained or incurred by said indemnified parties, or any of them, on account of the assertion against them, or any of them, from and after the Closing of any debt, liability, tax, obligation or commitment in connection with the Purchased Assets and/or of Seller not included in the Assumed Liabilities.

3. Consideration for Transfer and Closing.

a. Purchase Price. In consideration for the Purchased Assets, Buyer shall assume the Assumed Liabilities and make the following purchase price payments (the “Purchase Price”): (a) a payment of \$11,550,000.00 (the “Closing Payment”), less the Schedule 2(a) Offset (as defined in Schedule 2(a)), and (b) a payment of \$741,672.49 (the “Reimbursement Payment”) as reimbursement for the purchase of equipment between November 30, 2014 and prior to the Closing Date that has not been sold (or otherwise monetized), which such equipment is specifically listed in Schedule 3(a) (“New Equipment”) as “Reimbursable Equipment”. The Purchase Price shall be paid as follows: At the Closing, Buyer shall pay or cause to be paid by wire transfer of immediately available funds (x) on behalf of Seller, \$726,602.76 to the account of Bank of America, N.A. for the full payoff amount related to loan number 273 (which account has been designated in writing by Bank of America, N.A. to Buyer), (y) on behalf of Seller, \$334,807.78 to the account of Bank of America, N.A. for the full payoff amount related to loan number 281 (which account has been designated in writing by Bank of America, N.A. to Buyer), and (z) the balance of the Purchase Price, following the payments to Bank of America, N.A., to the account of Seller (which account has been designated in writing by Seller to Buyer).

b. Closing. The purchase and sale (the “Closing”) provided for in this Agreement will take place on the Closing Date. Notwithstanding anything herein to the contrary, the Closing shall be effective as of 12:01 a.m. June 15, 2015 (the “Effective Time”). The parties shall effect a “virtual” Closing via PDF, facsimile or other electronic transmission

of signature pages and other required Closing documents. Without limiting the generality of the foregoing, all right, title and interest in and to the Purchased Assets, and risk of loss with regard thereto, will be deemed to have been passed to Buyer at the Effective Time.

c. Closing Deliverables. In addition to any other documents to be delivered under the provisions of this Agreement, at the Closing:

i. Seller will deliver, or cause to be delivered, as applicable, to Buyer:

(a) the Purchased Assets;

(b) a cross-receipt executed by the Seller, acknowledging receipt of the Purchase Price, in a form reasonably acceptable to Buyer;

(c) the duly executed Bill of Sale Assignment and Assumption Agreement transferring the Purchased Assets to Buyer, free and clear of any and all Encumbrances (except Permitted Encumbrances) and assigning all of the Purchased Assets that are intangible personal property as contemplated in Sections 1 and 2, executed by the Seller;

(d) duly executed Intellectual Property Assignment Agreements assigning all intellectual property of the Seller to Buyer, free and clear of any and all Encumbrances (except Permitted Encumbrances);

(e) all releases, termination statements or satisfactions of all Encumbrances, including the security interest of Bank of America in Seller's assets, and payoff letters regarding the same in forms reasonably acceptable to Buyer, other than Permitted Encumbrances, with respect to the Purchased Assets;

(f) such other deeds, bills of sale, endorsements, assignments, certificates of title, affidavits, indemnity agreements and other good and sufficient instruments of sale, assignment, conveyance and transfer in form and substance satisfactory to Buyer and its counsel, as are required to effectively vest in Buyer good and marketable title in and to all of the Purchased Assets, free and clear of any and all Encumbrances (except Permitted Encumbrances);

(g) a duplicate original of a document in form sufficient for filing, amending the Articles of Incorporation of the Seller so as to change the name of the Seller to a name bearing no resemblance to its present name, a complete and correct copy, certified by the Secretary of the Seller, of the resolutions of the Seller's Board of Directors and Shareholder authorizing and approving

such change of name and consent and a written consent to the use by the Buyer or any parent or subsidiary or affiliate of the Buyer, or any successor or assignee of any thereof, of the name of the Seller or any variant thereof, and such other documents as may be necessary to effectuate the foregoing in respect of any states in which the Seller is qualified to do business as a foreign corporation;

(h) a duly executed employment agreement in form and substance acceptable to the Seller for Trey (the “Employment Agreement”) and a duly executed consulting agreement in form and substance acceptable to the Seller for Lee;

(i) a lease for the property commonly known as IMES, 8190 Regent Parkway, Fort Mill, SC 29715 (the “Office Property”), in the form of Exhibit B duly executed by LDL of South Carolina, LLC;

(j) copies or originals of the written materials described in Sections 1(a)(iii) and 1(a)(vii), which may be delivered in electronic form;

(k) a certificate duly executed by an officer of the Seller certifying the accuracy of all of Seller’s representations and warranties and confirming the Seller’s performance of and compliance with all of Seller’s covenants and obligations pursuant to this Agreement as of the Closing Date;

(l) a legal opinion of Seller’s counsel dated as of the Closing Date and substantially in the form of Exhibit C attached hereto;

(m) good standing certificates for Seller from North Carolina and South Carolina, dated as of a recent date prior to the Closing Date;

(n) evidence of the termination by Seller of all its employees within the sixty (60) days prior to the Closing Date, including any related releases for employment contract provisions that may survive termination;

(o) evidence of full payoffs of all vehicle related loans of Seller prior to the Closing Date;

(p) such other documents or instruments as Buyer reasonably requests to consummate the transactions contemplated by this Agreement;

(q) any documents necessary to transfer all bank accounts of Seller used for Seller’s accounts receivable, if transferable, specifically excluding any cash held in such bank accounts;



(r) to the extent such documentation is available from Seller's insurance providers, evidence that the Insurance Policies shall reasonably and adequately cover Buyer and Seller following the Closing for such product liability or other warranty or any service-related claims normally insured against by persons carrying on the same business or businesses as Seller, in respect of sales prior to the Closing;

(s) a flow of funds memorandum executed by the Seller, showing the flow of funds from Buyer at the Closing, in a form reasonably acceptable to Buyer; and

(t) a list of all inventory of Seller located at its warehouse in Phoenix, AZ.

ii. The Buyer will deliver to the Seller:

(a) the Purchase Price, by wire transfer at the account specified in writing to Buyer at the Closing;

(b) a cross-receipt executed by Buyer in a form reasonably acceptable to the Seller;

(c) the duly executed Bill of Sale, Assignment, and Assumption Agreement, executed by Buyer;

(d) the duly executed Intellectual Property Assignment Agreements, executed by Buyer;

(e) the duly executed Employment Agreement and a duly executed consulting agreement in form and substance acceptable to the Buyer for Lee;

(f) a lease for the property commonly known as IMES, 8190 Regent Parkway, Fort Mill, SC 29715, substantially in the form of Exhibit B duly executed by Buyer;

(g) a resale certificate with respect to any inventory purchased as part of the Purchased Assets in the form required by its state of incorporation and all other states in which Seller operates, if required by such state(s), including, without limitation, North Carolina, South Carolina and Arizona;

(h) a certificate duly executed by an officer of the Buyer certifying the accuracy of all of Buyer's representations and warranties and confirming

the Buyer's performance of and compliance with all of Buyer's covenants and obligations pursuant to this Agreement as of the Closing Date;

(i) a flow of funds memorandum executed by the Buyer, showing the flow of funds from Buyer at the Closing, in a form reasonably acceptable to Seller; and

(j) such other documents or instruments as Seller reasonably requests to consummate the transactions contemplated by this Agreement.

d. Continuation of Certain Arrangements. Nothing in this Agreement will be construed as an attempt to assign any contract in existence as of the Closing Date that is non-assignable without required consent unless such consent shall have been given and that is not contemplated to be included within the Purchased Assets pursuant to Section 1(a) or Assumed Liabilities pursuant to Section 2(a) above or is contemplated to be an Excluded Asset pursuant to Section 1(b) or an Excluded Liability pursuant to Section 2(b) above. In the event and to the extent that the parties hereto are unable to obtain any necessary required consent to such an assignment to Buyer, then: (i) Seller will continue to be bound thereby; and (ii) (A) Buyer will perform and discharge fully all the obligations of the Seller thereunder after the Effective Time and indemnify the Seller for all losses arising out of such performance by Buyer, (B) the Seller will, without further consideration therefor, pay, assign and remit to Buyer promptly all monies, rights and other considerations received in respect of such performance, (C) the Seller will promptly exercise or exploit its rights and options under all such contracts only as directed by Buyer and at Buyer's expense, and (D) if and when any such required consent shall be obtained or such contract shall otherwise become assignable, the Seller will promptly assign, in a manner consistent with this Agreement, its rights and obligations thereunder to Buyer and Buyer will, without the payment of any further consideration therefor, assume such rights and obligations and continue to indemnify the Seller as stated above.

e. Allocation of Consideration. The Purchase Price shall be allocated among the Purchased Assets as determined by Stout Risius Ross, Inc. ("SSR") as soon as practicable following the Closing Date. Within ten days of the completion by BDO USA, LLP ("BDO") of its audit of the Purchased Assets, SSR shall present for approval its recommended method for the Purchase Price allocation, which method shall be based on BDO's inventory valuation and shall be approved by Buyer and Seller in their reasonable discretion in a signed writing. Each of Buyer and Seller agree to work together reasonably and in good faith in respect of such approval. SSR's Purchase Price allocation shall be final and binding on all parties to this Agreement, if and only if it follows the method agreed upon and approved by Buyer and Seller prior to Closing. Such allocation shall be made in accordance with Section 1060 of the Internal Revenue Code (the "IRC"). Buyer and Seller hereby recognize their mutual obligations pursuant to Section 1060 of the IRC to timely file Form 8594 (and subsequent

supplementary Forms 8594, if required) reporting such allocation. Buyer and Seller shall each report the federal, state, foreign and local tax consequences of the transactions contemplated by this Agreement in a manner consistent with such allocation for all tax purposes and neither Buyer nor the Seller will take any position inconsistent with such allocation unless otherwise required by law. Amounts due to BDO and SSR for the work set forth in this Section 3(e) shall be paid by Buyer.

f. Insurance. Seller and Shareholders jointly and severally undertake (x) to obtain and pay for, as promptly as possible, insurance policy endorsements with CNA Insurance to policy number ADT 4032126904, which endorsements shall provide for (A) (i) coverage for Buyer and its affiliates and any of their respective directors, officers, and employees coextensive with all coverage for Seller, and (ii) \$4,000,000 of coverage for any and all claims asserted between November 1, 2013 and June 15, 2018 in respect of any activity of Seller prior to Closing or (B) coverage substantially equivalent to the foregoing described in clauses (i) and (ii), as determined by Buyer in its reasonable discretion and (y) to present to Buyer written evidence of the satisfaction of the foregoing obligations in form satisfactory to Buyer acting reasonably. Promptly following such presentment to Buyer of such written evidence, Buyer shall pay to Seller \$100,000 by wire transfer of immediately available funds to an account designated by Seller. Payment of such \$100,000 shall be considered as part of the purchase price for the Purchased Assets and shall be deemed to be part of the Purchase Price for purposes of Section 3(e).

4. Representations and Warranties of the Seller and the Shareholders. As inducement for Buyer to enter into and consummate this Agreement, each of the Seller and the Shareholders, jointly and severally, represent and warrant to the Buyer as follows:

a. Schedules. As used in this Agreement, the term “Schedules” refers to those Schedules attached hereto and delivered simultaneously herewith by the Seller and the Shareholder to the Buyer, which Schedules are correct and complete.

b. Organization; Good Standing; Qualification; Capital Structure, and Power. Seller is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation. The Seller is duly qualified and in good standing as a foreign entity and is duly authorized to transact business in South Carolina, has all requisite corporate power and authority to own, lease and operate its properties and to carry on the Business as now being conducted and to enter into this Agreement and each of the other agreements required to be entered into or delivered by it under the terms hereof, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby.

c. Capital Stock of the Seller. Seller has 1,000 shares of capital stock outstanding, of which 600 shares are owned by Trey, 200 shares are owned by Lee and 200 shares are owned by Ezell, and all of which have been duly authorized and validly issued,

are fully paid and non-assessable and were not issued in violation of any preemptive or similar rights. The Seller's capital stock, including the outstanding shares held by the Shareholders, is not subject to any shareholders agreement, shareholders rights plan, voting agreement or similar agreement.

d. Authority; No Violation, Etc. The execution and delivery and performance of this Agreement and each of the other agreements to be entered into or delivered by Seller or Shareholder in connection with this Agreement or at Closing and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of the Seller and this Agreement and each of the other agreements to be entered into or delivered by Seller or Shareholder in connection with this Agreement or at Closing has been duly authorized and executed and is the legal, valid and binding obligation of each of the Seller and the Shareholder, as the case may be, enforceable in accordance with its terms except (i) as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application now or hereinafter in effect relating to creditors' rights and (ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court (in equity or at law) before which any proceeding therefore may be brought. Neither the execution and delivery of this Agreement and each of the other agreements to be entered into or delivered by Seller or Shareholder in connection with this Agreement or at Closing, nor the consummation of the transactions contemplated hereby or thereby, nor compliance by each of the Seller and the Shareholder with any of the provisions hereof or thereof will (i) violate, conflict with or result in a breach of any provision of the Articles of Incorporation, By-laws, any shareholder agreements or other governing documents of Seller, or, except as described in Schedules 1(a)(iii) and 1(a)(vi) to the extent it does not create any damages whatsoever for Buyer or otherwise impair the execution of this Agreement or each of the other agreements to be entered into or delivered by Seller or any Shareholder in connection with this Agreement or at Closing or the consummation of the transactions contemplated hereby and thereby, violate, conflict with, result in a breach of or default, or give rise to any right of termination, cancellation or acceleration, under any of the terms, conditions or provisions of any note, lien, bond, mortgage, indenture, contract, license, lease, agreement or other instrument or obligation, arrangement or understanding to which the Seller or Shareholder is a party, or by which it's or his properties or assets may be bound, except for such violation, conflict, breach, default or right of termination, cancellation or acceleration as to which requisite waivers or consents have been obtained (which waivers and consents, if any, are listed in Schedule 1(a)(iii)), (ii) violate any judgment, order, writ, injunction or decree of any court, administrative agency or governmental body or any statute, rule or regulation applicable to the Seller or Shareholder or any of its or his properties, assets or outstanding shares, or (iii) cause or give any person grounds to cause (with or without notice, the passage of time, or both), the maturity of any liability or obligation of the Seller or Shareholder to be accelerated or increased. No consent or approval by any governmental authority is required

in connection with the execution and delivery by the Seller or Shareholder of this Agreement or each of the other agreements to be entered into or delivered by Seller or Shareholder in connection with this Agreement or at Closing or the consummation by the Seller or the Shareholder of the transactions contemplated hereby or thereby, except for any documents required to be filed with the State of North Carolina or the State of South Carolina in connection with the corporate name change of Seller following Closing.

e. Subsidiaries. Seller has no equity interest either directly or indirectly, in any incorporated or unincorporated entity.

f. No Proceedings and No Material Adverse Changes. There is no proceeding pending or threatened against Seller (i) that challenges, or seeks damages or other relief in connection with, any of the transactions contemplated herein or (ii) that may have the effect of preventing, delaying, making illegal, imposing limitations or conditions or otherwise interfering with any of the transactions contemplated herein. Likewise, since March 31, 2015, there has not been any material adverse change in the Business, its relationships with its clients, its business or financial prospects, its employees, its members, or other third parties with whom it conducts business.

g. Title to Property, No Encumbrances and Related Matters. Except as described in Schedule 1(a), Seller has, and upon Closing Buyer will acquire, good and marketable title to or, in respect of any leases, a valid leasehold in, all the Purchased Assets, free and clear of all liabilities, claims, exceptions, reservations, judgments, mortgages, liens, pledges, charges, security interests, encumbrances or obligations of any kind or character, except for Permitted Encumbrances and except those that are part of the Assumed Liabilities. Except as described in Schedule 1(a)(iii), all consents necessary to convey or transfer the Purchased Assets have been obtained and are valid and binding upon the persons giving the same, and the Seller is delivering to the Buyer at the Closing a duly executed copy of each such consent. Except as described in Schedule 1(a), Seller has not entered into any agreement, arrangement, and commitment or understanding to sell, transfer, assign, convey, pledge or otherwise dispose of its assets, except for Seller's products sold in the ordinary course of business consistent with past practice.

h. No Undisclosed Liabilities; Indebtedness. Seller has no liabilities with respect to the Business other than as set forth in Schedule 4(h), except (a) the Assumed Liabilities, (b) those that are adequately reflected or reserved against in the financial statements of Seller as of March 31, 2015, (c) those that have been incurred in the ordinary course of business consistent with past practice since the March 31, 2015 financial statements and that are not, individually or in the aggregate, material in amount, and (d) those fees and expenses incurred in connection with the transactions contemplated by this Agreement, which are in the aggregate in an amount not in excess of \$125,000. Seller does not have any indebtedness other than as set forth in Schedule 4(h) and Seller is not in default on any such

indebtedness, and no event has occurred or is anticipated to occur in respect of the provisions of any instrument or agreement of such indebtedness that, with or without the lapse of time or the giving of notice, or both, constitutes or would constitute an event of default thereunder. Except as provided in Schedule 4(h), all indebtedness of the Seller is to be repaid, discharged or otherwise released as of the Closing Date.

i. Seller's Solvency. Seller (i) is not insolvent and has not generally failed to pay, or admitted in writing its inability or unwillingness to pay, its debts as they become due; (ii) has not applied for, consented to, or acquiesced in, the appointment of a trustee, receiver, sequestrator, or other custodian for Seller or for a substantial part of its property, or made a general assignment for the benefit of creditors; (iii) has not filed and has not permitted or suffered to exist with respect to itself the commencement of any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up, or liquidation proceeding; and (iv) has not taken any action authorizing any of the foregoing.

j. Tax Matters. All tax returns required to be filed by Seller prior to the Closing Date have been timely filed, each such tax return has been prepared in compliance with all applicable laws and regulations, and all such tax returns are true and accurate in all respects. Seller has paid or made provisions to pay all taxes that have become due for all periods until the Closing Date, and no deficiencies for taxes have been claimed, proposed or assessed by any taxing authority against Seller, the property to be leased by LDL of South Carolina, LLC or any other Purchased Asset. No tax returns filed by Seller are currently under audit by any governmental authority and there is no pending or threatened Federal, state, local or foreign tax audit, investigation or assessment of Seller and no agreement with any Federal, state, local or foreign taxing authority that may affect the subsequent tax liabilities of Seller.

k. Real Property. LDL of South Carolina, LLC owns and holds good title to the real estate to be leased to Buyer as provided in Section 3(c)(i)(i) subject to the items set forth in Schedule 4(k). All improvements on such real estate are in good condition and repair, and there does not exist any condition which interferes or threatens to interfere with the economic value or use thereof, none of the Permitted Encumbrances interferes with or threatens to interfere with the use thereof, and there are no contingent liabilities which presently exist or which will exist with respect thereto, except as set forth in Schedule 4(k).

l. Leases. Schedule 4(l) sets forth each parcel of real property leased or subleased by Seller and used in or necessary for the conduct of the Business as currently conducted (together with all rights, title and interest of Seller in and to leasehold improvements relating thereto, including security deposits, reserves or prepaid rents paid in connection therewith, collectively, the "Leased Real Property"), and a true and complete list of all leases, subleases, licenses, concessions and other agreements (whether written or oral), including all amendments, extensions, renewals, guaranties and other agreements with

respect thereto, pursuant to which Seller holds any Leased Real Property (collectively, the “Leases”). Seller has not received any written notice of (i) violations of building codes and/or zoning ordinances or other governmental or regulatory laws affecting the Leased Real Property, (ii) existing, pending or threatened condemnation proceedings affecting the Leased Real Property, or (iii) existing, pending or threatened zoning, building code or other moratorium proceedings, or similar matters which could reasonably be expected to adversely affect the ability to operate the Leased Real Property as currently operated. Neither the whole nor any material portion of any Leased Real Property has been damaged or destroyed by fire or other casualty. The Leased Real Property is sufficient for the continued conduct of the Business after the Closing in substantially the same manner as conducted prior to the Closing and constitutes all of the real property necessary to conduct the Business as currently conducted.

m. Financial Statements. Seller will deliver to the Buyer prior to Closing Date the following financial statements of Seller: balance sheet, income statement, and statement of cash flow for the two fiscal years prior to this Agreement, prepared by independent certified public accountants, and a balance sheet as of March 31, 2015, prepared by Seller. Such financial statements fairly present, in all material respects, the financial condition of the applicable entity. Seller has also delivered copies of all letters from Buyer’s auditors to Buyer during the two years prior to this Agreement, and all responses thereto. There has been no material change to the financial condition of Seller since March 31, 2015.

n. Books and Records. The books of account and other records of the Purchased Assets, including, without limitation, all books and records of Seller (whether in written or other form) of any kind presently in or hereafter coming into the care, custody or control of the Seller (including any such records held by others on behalf of the Seller) relating to the Business including the past, present or future operation thereof, copies of Seller’s corporate minute book, copies of Seller’s stock records, copies of Seller’s corporate seal, purchase and sales records and all records related to Seller’s customers and vendors, all of which have been made available to Buyer, are complete and correct in all material respects and have been maintained in accordance with sound business practices. Such books and records represent actual, bona fide transactions and have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls. Without limiting the generality of the foregoing, the information furnished to the Buyer concerning Insurance Policies is accurate and complete.

o. Sufficiency of Assets. The Purchased Assets (i) constitute all of the assets, real, personal, and mixed, tangible and intangible, of any nature whatsoever, including intellectual property assets, used in or necessary to operate the Business in the manner presently operated by the Seller and consistent with past practice, (ii) include all of the operating assets and properties of the Seller other than Excluded Assets and (iii), for the avoidance of doubt and without limitation to the foregoing, and excepting those assets among

the Purchased Assets that are (x) equipment (or pieces of equipment) that have been acquired by the Seller in the ordinary course of business and are known to the Buyer to be in non-working condition or (y) systems or parts of systems from which certain parts have already been removed and sold, are in good repair and good operating condition, ordinary wear and tear excepted. The list of inventory located at the Seller's Phoenix, AZ warehouse delivered to Buyer pursuant to Section 3(c)(i)(t) is accurate and complete.

p. Agreements, Etc. Schedule 1(a)(iii) contains a true and complete list of all written or oral contracts, leases, agreements, commitments, purchase and sales orders, understandings, arrangements and other instruments to which Seller is a party or by which it is bound (except employment contracts or benefits), and Seller is not in breach or default in any material respect of any of its contractual obligations.

q. Product Warranties and Liabilities. Schedule 4(q) attached hereto sets forth all product return policies of, and all product warranties given or made by, the Seller and the terms and conditions thereof. The Seller has not extended or granted (i) any return rights or given or made any product warranties with respect to any products sold or services performed by it or (ii) any variation in its return policies or warranties, except for those set forth in Schedule 4(q). None of the customers or clients of the Seller has claimed to the Seller or, to the best knowledge of the Seller, to Seller's suppliers, that the Seller's products or services are defective. Except as described in Schedule 4(q), the Seller has no knowledge of any intention on the part of any customer to return any of the Seller's products, except returns by customers in the ordinary course of business and consistent with the return policies of the Seller and which, in any event, are not expected to be material in amount, with it being understood that such materiality determination shall take into account such dollar value of returns as are typical in the ordinary course for the Business. Except as described in Schedule 4(q), the Seller has no knowledge of any fact, or of the occurrence of any event, forming the basis of any present or future claim against the Seller, whether or not fully covered by insurance, for liability on account of negligence or product liability or on account of any product warranties which would have, individually or in the aggregate, a material adverse effect.

r. Litigation, Etc. Except as set forth in Schedule 4(r) there are no actions, suits, claims investigations or legal, governmental, administrative or arbitration, or other proceedings (formal or informal) pending, threatened, in prospect or any basis therefore, by or against Seller, whether at law or in equity, whether civil or criminal in nature or whether before or by a federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

s. Compliance; Governmental Authorization. The Seller and the Business as currently operated (i) comply in all respects with all laws, ordinances, regulations and orders (including, without limitation, those relating to environmental protection, conservation laws,



handling of hazardous materials, occupational safety and health and equal employment opportunity), and no charges, or threats of claims, charges or investigations, alleging the failure to comply therewith have been made, and (ii) have all Federal, state, local and foreign governmental licenses and permits (including, without limitation, registration with the U.S. Food and Drug Administration) and other franchises and agreements necessary for the conduct of the Business (a list of which is set forth in Schedule 1(a)(xiv)), and such licenses, permits, franchises and agreements are in full force and effect, no violations are or have been recorded in respect of any such licenses or permits, franchises or agreements and no proceeding is pending or threatened to revoke or limit any thereof. Seller is not in violation or default with respect to any order, writ, injunction or decree applicable to Seller; nor is Seller required to take any action in order to avoid such violation or default.

t. Environmental Compliance. Seller has obtained and maintains all approvals, authorization, certificates, consents, licenses, orders and permits or other similar authorizations of all governmental authorities, or from any other person, that are required under any Environmental Laws or otherwise as necessary for the Business, and Seller is in compliance with all limitations, standards, schedules, timetables, restrictions, requirements and conditions required or imposed under all such Environmental Laws. “Environmental Laws” shall mean all applicable laws relating to the protection of the environment including, without limitation, all requirements pertaining to reporting, licensing, permitting, controlling, investigating or remediating emissions, discharges, releases or threatened releases of hazardous substances, chemical substances, pollutants, contaminants or toxic substances, materials or wastes, whether solid, liquid or gaseous in nature, into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of hazardous substances, chemical substances, pollutants, contaminants or toxic substances, material or wastes, whether solid, liquid or gaseous in nature. There are no past or present events, conditions, circumstances, incidents, actions or omissions relating to or in any way affecting the Seller or the Business that violate or may violate any Environmental Law after the Closing Date or that may give rise to any environmental liability, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing, study or investigation (i) under any Environmental Law, or (ii) based on or related to the manufacture, processing, distribution, use, treatment, storage (including without limitation underground storage tanks), disposal, transport or handling, or the emission, discharge, release or threatened release of any hazardous substance.

u. Labor Relations; Employees. Seller employs a total of 13 employees, and enjoys a good employer-employee relationship with all such employees. Except as set forth in Schedule 4(u), (i) as of the Effective Time Seller has paid in full to all employees all wages, salaries, holiday pay, commissions, bonuses and other direct compensation for all services performed by them, (ii) upon termination of the employment of any said employees, neither Seller nor the Buyer will by reason of anything done prior to the Closing be liable to any of said employees for so-called “severance pay” or any other payments, (iii) Seller

is in substantial compliance with all Federal, state, local and foreign laws and regulations respecting employment and employment practices, terms and conditions of employment and wages and hours; (iv) there is no unfair labor practice complaint against Seller pending before the National Labor Relations Board; (v) there is no labor strike, dispute, slowdown or stoppage actually pending or, to the knowledge of the Seller or the Shareholder, threatened against or involving the Seller; (vi) no grievance which might have an adverse effect on Seller or the conduct of its business nor any arbitration proceeding arising out of or under collective bargaining agreement is pending and no claim therefore has been asserted; (vii) no collective bargaining agreement is currently being negotiated by Seller; and (viii) Seller has no liability for unpaid leave time, contribution to any welfare fund for sick benefits or otherwise on behalf of its employees, pending or threatened workmen's compensation cases, or any other unpaid claim of any nature arising out of employment.

v. Compensation. Schedule 4(v) sets forth a complete list of all employees, officers, and directors of Seller including current monthly compensation for each.

w. Employee Benefit Plans. Seller has maintained an employee pension or profit-sharing plan or a health or welfare benefit plan for its employees. Such plans, however, are not being assigned to or assumed by Buyer; and, Buyer shall have no liability or obligation of any kind (whether by contract, operation of law or otherwise) with respect thereto all of which shall be paid by Seller.

x. Powers of Attorney. No persons, firms, associations, corporations or business organizations hold general or special powers of attorney from Seller.

y. Brokers' or Finders' Fees, Etc. No agent, broker, investment banker, person or firm acting on behalf of any of the Seller or the Shareholder or under the authority of any of them is or will be entitled to any broker's or finder's fee or any other commission or similar fee directly or indirectly from any of the parties hereto in connection with any of the transactions contemplated hereby.

z. Intellectual Property. Seller (i) owns all patents (and any patentable improvements thereof), trademarks, service marks, trade names (including, without limitation, its corporate name and all variations thereof, used by the Seller in its business), domain names, copyrights and websites (or copyrightable derivative works thereof), and intellectual property rights relating to any of the foregoing list, whether or not registered, licenses and authorizations which are necessary or used for the conduct of the Business as now conducted without infringement or any conflict with the rights of others and (ii) pays no royalty to anyone with respect thereto, has not granted any license or rights with respect thereto to any third party and has the right to bring actions for the infringement thereof. There is no infringement by others of Seller's rights and Seller has not and is not infringing the asserted rights of others. There is no pending or threatened claim or litigation, or any basis for any claim or litigation, against Seller claiming infringement of the intellectual

property rights of any third party or contesting the right to use or the validity of any of Seller's trade names or its corporate name or variations thereof.

aa. Suppliers and Customers. The relationship of Seller with suppliers and customers is good, and there is no indication of any intention to terminate or modify any of such relationships. Since March 31, 2015, there has been no change in the business relationship of the Seller with any supplier or customer that, alone or in the aggregate with other such changes, has had a material adverse effect. The Seller has no present information and is unaware that, due to any events or circumstances that have occurred prior to the date of this Agreement, any of its suppliers or customers intends to cease doing business with Seller or alter the amount of the business that any of them is presently doing with Seller, or will require, as a condition of continuing to purchase products or services from Buyer, a change in the prices at or in any other terms under which it has been doing business with the Seller. None of the orders set forth in Schedule 2(a)(vi) have been fully or partially paid for by the customer, directly or indirectly.

bb. Business Generally. There have been no events or transactions or information which has come to the attention of the Seller or the Shareholder which could be reasonably expected to have a material adverse effect on the profitability or prospects generally of the Business and operations of Seller; provided, that Seller and Shareholder express no opinion as to political or economic matters of general applicability. Through the Closing Date, Seller has operated the Business diligently and in the usual, regular and ordinary course and manner as it has been previously operated, including substantially in the same manner as the Business was operated during the 12 months prior to the Closing Date, and has (i) preserved Seller's present business organization intact and conserve Seller's goodwill; (ii) preserved Seller's relationships with employees, owners, customers, clients, suppliers, and others having business dealings with Seller (except as related to ordinary turnover); and (iii) continued to provide the same kind, quality, frequency and timeliness of service to each customer or client in a manner consistent with Seller's past practices.

cc. Actions Before the Closing Date. Seller and the Shareholders have not taken any action or permit any action to occur which shall cause Seller to be in breach of any representation, warranty, covenant or agreement contained in this Agreement or cause Seller to be unable to perform Seller's obligations hereunder and have used commercially reasonable best efforts (subject to any conditions set forth in this Agreement) to perform and satisfy all conditions to Closing to be performed or satisfied by Seller under this Agreement or any other agreement entered into in connection herewith, including action necessary to obtain all consents and approvals of any person required to be obtained by him or it to effect the transactions contemplated by this Agreement, or any other agreement entered into in connection herewith. Seller and Shareholder agree that any contracts applicable to the Seller have been delivered to the Buyer for its review.

dd. Exclusivity. Seller has not entertained, promoted, sought, obtained, encouraged, or solicited any other third party to make a proposal or ascertain their interest in acquiring the assets, business, or client contacts or information concerning the Business.

ee. Disclosure. Notwithstanding anything herein to the contrary contained in this Agreement, the parties hereby agree that the representations and warranties made by the Seller or the Shareholders are the exclusive representations and warranties made by the Seller and the Shareholders with respect to the Seller, including its businesses and assets or the contemplated transactions. The Seller and the Shareholders hereby disclaim any other express or implied, written or oral, representations or warranties with respect to the Seller, the businesses and assets of the Seller and the contemplated transactions. Except as expressly set forth in Section 4, (i) the condition of the Business and Purchased Assets of the Seller shall be “as is”, “where is” and “with all faults” and none of the Seller or any Shareholders makes any warranty of merchantability, suitability, adequacy, fitness for a particular purpose or quality with respect to the Business or any of the Purchased Assets of the Seller or as to the condition or workmanship thereof or the absence of any defects therein, whether latent or patent, and (ii) none of the Seller or the Shareholders is, directly or indirectly, making any representations or warranties regarding any pro-forma financial information, financial projections, or other forward-looking prospects, risks or statements (financial or otherwise) of the Seller made, communicated or furnished (orally or in writing) to Buyer or its representatives, and the Seller and the Shareholders hereby disclaim all liability and responsibility for any such information and statements (except as specifically set forth in this Agreement. It is understood that any due diligence materials made available to Buyer or its representatives do not, directly or indirectly, and shall not be deemed to, directly or indirectly, contain representations or warranties of the Seller or any Shareholder.

ff. State Takeover Laws. No “business combination,” “moratorium,” “fair value,” “control share acquisition” or other state anti-takeover statute or regulation is or shall be applicable to this Agreement or the transactions contemplated hereby by reason of Seller being a party to this Agreement, performing its obligations hereunder or consummating the transactions contemplated hereby.

gg. New Equipment. Schedule 3(a) accurately sets forth the purchase date, invoice copy and, in respect of the Reimbursable Equipment, proof of full and final payment having been made by the Seller for each item of New Equipment. Seller has not received any payment in whole or in part for (x) the Reimbursable Equipment, to the extent Seller is being reimbursed by Buyer for such Reimbursable Equipment by the Reimbursement Payment or (y) any of the equipment described in items 3, 4, or 6 in Schedule 2(a).

hh. Offset Credits. Schedule 2(a) sets forth the full amount of negative balances and credits in customers’ accounts.

5. Representations and Warranties of the Buyer. The Buyer represents and warrants to the Seller and the Shareholder as follows:

a. Organization, Standing and Power. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

b. Authority. The execution and delivery of this Agreement and each of the other agreements required to be entered into or delivered by it under the terms hereof and the consummation of the transactions contemplated hereby or thereby have been duly and validly authorized by all necessary corporate action on the part of the Buyer and this Agreement and each of the other agreements required to be entered into or delivered by it under the terms hereof are the valid and binding obligations of the Buyer, enforceable in accordance with their terms except (i) as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application now or hereafter in effect relating to creditors' rights and (ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court (in equity or at law) before which any proceeding therefore may be brought. Neither the execution and delivery of this Agreement and each of the other agreements required to be entered into or delivered by it under the terms hereof nor the consummation of the transactions contemplated hereby or thereby nor compliance by the Buyer with any of the provisions hereof or thereof will (i) conflict with or result in a breach of any provision of its Articles of Incorporation or Bylaws or (ii) a default, or give rise to a right of termination, cancellation or acceleration, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or any other instrument or obligation to which it is a party, or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Buyer or any of its properties or assets. No consent or approval by any governmental authority is required in connection with the execution and delivery by the Buyer of this Agreement or each other agreement required to be entered into or delivered by it under the terms hereof or the consummation by the Buyer of the transactions contemplated hereby or thereby.

c. Brokers' or Finders' Fees, Etc. No agent, broker, investment banker, person or firm acting on behalf of the Buyer or under its authority is or will be entitled to any broker's or finder's fee or any other commission or similar fee directly or indirectly from any of the parties hereto in connection with any of the transactions contemplated hereby.

d. No Proceedings. There is no proceeding pending or threatened against Buyer, including any proceeding (i) that challenges, or seeks damages or other relief in connection with, any of the transactions contemplated herein or (ii) that may have the effect of preventing, delaying, making illegal, imposing limitations or conditions or otherwise

interfering with any of the transactions contemplated herein. Since March 31, 2015, there is no other proceeding pending or threatened against Buyer.

e. Obligations Not Contingent. The obligations of the Buyer under this Agreement are not contingent upon the availability of financing or the receipt of any third party consents related to its actions and obligations.

f. Independent Investigation. Buyer has conducted its own independent investigation, verification, review and analysis of the business, operations, assets, liabilities, results of operations, financial condition, technology and prospects of the Seller, which investigation, verification, review and analysis was conducted by the Buyer and, to the extent Buyer deemed appropriate, by Buyer's representatives.

6. Conditions of Obligations of the Buyer; Covenants of the Buyer.

a. The obligations of the Buyer to perform this Agreement are subject to the satisfaction of the following conditions unless waived by the Buyer:

i. Accuracy of Representations. Seller's and Shareholder's representations and warranties in this Agreement (considered collectively), and each of such representations and warranties (considered individually), shall be true and accurate in all material respects as of the time of the Closing.

ii. Seller's Performance. All of the covenants and obligations that Seller and the Shareholders are required to perform or to comply with pursuant to this Agreement at or prior to the Closing (to the extent such matters can be done prior to Closing, and if not, within a reasonable period of time after Closing), including the delivery of all documents pursuant to Section 3(c)(i) at or prior to Closing, and each of such covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

b. Cooperation. After the Closing, Buyer shall cooperate with Seller and its Shareholders, officers, managers, employees, attorneys, accountants and other agents and, generally, shall do such other acts and things in good faith as may be reasonable to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated herein in accordance with the provisions of this Agreement.

7. Conditions of Obligations of the Seller and the Shareholder; Covenants of the Seller.

a. The obligations of the Seller and the Shareholders to perform this Agreement are subject to the satisfaction of the following conditions unless waived by the Seller and the Shareholders:

i. Accuracy of Representations. Buyer's representations and warranties in this Agreement (considered collectively), and each of such representations and warranties (considered individually), shall be true and accurate in all material respects as of the time of the Closing.

ii. Buyer's Performance. All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (to the extent such matters can be done prior to Closing, and if not, within a reasonable period of time after Closing), including the delivery of all documents pursuant to Section 3(c)(ii) at or prior to Closing, and each of such covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

b. Cooperation. After the Closing, Seller and the Shareholders shall cooperate with Buyer and its officers, managers, employees, attorneys, accountants and other agents and, generally, shall do such other acts and things in good faith as may be reasonable to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated herein in accordance with the provisions of this Agreement.

c. Reasonable Reserves. After the Closing, the Shareholders will (i) maintain no less than \$500,000 for 12 months after Closing to satisfy all obligations under this Agreement and in connection with the Excluded Liabilities (the "Reserve Amount"); (ii) (without limitation to any other obligations set forth in this Agreement) upon request of Buyer, from time to time, shall provide Buyer with reasonable evidence for Buyer to monitor Shareholders' compliance with this Section 7(c); and (iii) provide bank account statements reflecting compliance with the foregoing clause (i) as of June 16, 2015, September 15, 2015, December 15, 2015, March 15, 2016 and June 15, 2016 . The Reserve Amount shall be maintained by the Shareholders in their own personal accounts. Each Shareholder shall be responsible only for maintaining an amount equal to their proportionate share of the Reserve Amount, as determined by reference to the Shareholder's relative share ownership in IMES at the time of Closing.

## 8. Purchase of Receivables.

a. As used herein, the following terms shall have the following respective meanings:

i. "Receivable" means an account receivable or a note owed to the Seller which is being transferred, assigned and conveyed to the Buyer hereunder;

ii. "Debtor" means a debtor or an obligor of a Receivable;

iii. “Claim” means a claim, refusal to pay or other setoff against a Receivable or with respect to the goods to which the Receivable is related;

iv. “Disputed Receivable” means a Receivable as to which the Debtor has manifested a Claim to the Seller or the Buyer.

b. The Buyer shall use its reasonable efforts, exercised in good faith, to collect all of the Receivables. Litigation shall not be required.

c. Any payment from a Debtor (other than a payment with respect to a Disputed Receivable) received by the Buyer subsequent to the Closing which is not specified by the Debtor to be applied against a particular Receivable or an amount owed to Buyer for other than a Receivable shall, for purposes of this Agreement, be first applied against the Receivables of such Debtor other than Disputed Receivables. Buyer reserves the right to reverse any such application of payment to a Receivable if it subsequently becomes a Disputed Receivable.

d. In the event that, subsequent to the Closing, a Debtor manifests to the Buyer any Claim with respect to a Receivable, the Buyer shall notify the Seller thereof in writing, which notification shall contain all relevant information known to the Buyer with respect thereto.

e. The Seller and the Shareholders shall jointly and severally repurchase from the Buyer all receivables that remain uncollectable in the determination of the Buyer 12 months from the Closing Date. The Seller shall have the right to verify the existence of the unpaid balance of any receivables.

f. All costs and expenses of collection of Receivables incurred by Buyer shall be paid by Seller.

9. Survival of Representations and Warranties; Indemnification, Etc.

a. Survival; Right to Indemnification Not Affected by Knowledge. All representations, warranties and agreements made by any party hereto in this Agreement or pursuant hereto shall survive the Closing hereunder and any investigation at any time made by or on behalf of any other party for a period of three years (the “Indemnification Period”). Anything contained herein to the contrary notwithstanding, no investigation by the Buyer, its parent, subsidiaries, affiliates, employees or agents shall in any way affect or otherwise diminish the representations, warranties and agreements made by the Seller and the Shareholders hereunder. Notwithstanding anything contained in this Agreement, the rights of Buyer, the Seller, the Shareholders and/or their respective affiliates to indemnification, reimbursement or any other remedy based upon any representations, warranties, covenants and obligations set forth in the Agreement shall not be affected by any investigation



(including any environmental investigation or assessment) conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant or obligation. The waiver of any condition requiring the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification, reimbursement or other remedy based upon such representations or warranties' inaccuracy and/or covenants or obligations' non-performance and/or non-compliance. Each of these representations, warranties, covenants and/or obligations are meant as contractual rights of Buyer and the Seller.

b. Representations and Warranties. Buyer acknowledges and agrees that neither Seller nor Shareholders have made and are not making any representations or warranties whatsoever regarding the subject matter of this Agreement, express or implied, except as provided in Section 4, and that it is not relying and has not relied on any representation or warranties whatsoever regarding the subject matter of this Agreement, except for the representations and warranties in Section 4. Seller acknowledges and agrees that Buyer has not made and is not making any representations or warranties whatsoever regarding the subject matter of this Agreement, express or implied, except as provided in Section 5, and that it is not relying and has not relied on any representation or warranties whatsoever regarding the subject matter of this Agreement, except for the representations and warranties in Section 5.

c. Agreement to Indemnify.

i. Sellers. As Buyer's exclusive remedy for claims in connection with this Agreement and the transactions contemplated hereby (other than in connection with fraud), subject to the terms and conditions of this Section 9, each of the Seller and the Shareholders, jointly and severally, hereby agree to indemnify and hold harmless the Buyer and each of its parent, subsidiaries, affiliates, officers, directors, shareholders, employees and agents (collectively called the "Buyer Indemnified Persons") harmless from, against, for and in respect of:

(a) Any claim by any person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by such person with the Seller or Shareholders (or any person acting on the Seller or Shareholders' behalf) in connection with any of the transactions contemplated by this Agreement;

(b) Except for those specifically assumed by Buyer pursuant to Section 2(a) above and without limitation to clause 9(c)(i)(c) below, any and all damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs, and expenses suffered, incurred or required to be paid

arising out of the ownership or operation of the Purchased Assets or which otherwise relate to the Business prior to the Effective Time (whether absolute, accrued, contingent or otherwise and whether a contractual, tax or any other type of liability, obligation or claim);

(c) Any and all damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs, and expenses suffered, incurred or required to be paid (whether absolute, accrued, contingent or otherwise and whether a contractual, tax or any other type of liability, obligation or claim) because of the untruth, inaccuracy or breach of any representation, warranty, covenant, obligation or agreement of the Seller or the Shareholders contained in or made pursuant to this Agreement, or any facts or circumstances constituting such a breach;

(d) Any and all damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs, and expenses suffered, incurred or required to be paid (whether absolute, accrued, contingent or otherwise and whether a contractual, tax or any other type of liability, obligation or claim) which relate to Seller's failure to qualify to do business in any jurisdiction in which it was required to so qualify prior to the Closing Date; and

(e) All reasonable costs and expenses (including, without limitation, reasonable attorneys' fees, court costs, expenses of investigation of any alleged claim, interest and penalties) incurred by any Buyer Indemnified Persons (whether absolute, accrued, contingent or otherwise and whether a contractual, tax or any other type of liability, obligation or claim) in connection with any claim, action, suit, proceeding, investigation, demand, assessment or judgment incident to any of the matters indemnified against in this Section 9(c)(i), on an as incurred basis.

ii. Buyer. As Seller's and the Shareholders' exclusive remedies for claims in connection with this Agreement and the transactions contemplated hereby (other than in connection with fraud), subject to the terms and conditions of this Section 9, Buyer hereby agrees to indemnify and hold harmless the Seller and Shareholders (collectively called the "Seller Indemnified Persons") from, against, for and in respect of:

(a) Any and all damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs, and expenses suffered, incurred or required to be paid (whether absolute, accrued, contingent or otherwise and whether a contractual, tax or any other type of

liability, obligation or claim) as a result of the breach of any representation or warranty made by the Buyer in this Agreement;

(b) Any and all damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs, and expenses suffered, incurred or required to be paid (whether absolute, accrued, contingent or otherwise and whether a contractual, tax or any other type of liability, obligation or claim) as a result of the breach of any covenant or obligation of the Buyer in this Agreement;

(c) Any claim by any person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by such person with the Buyer (or any person acting on the Buyer's behalf) in connection with any of the transactions contemplated by this Agreement;

(d) All reasonable costs and expenses (including, without limitation, reasonable attorneys' fees, court costs, expenses of investigation of any alleged claim, interest and penalties) incurred by the Seller Indemnified Persons (whether absolute, accrued, contingent or otherwise and whether a contractual, tax or any other type of liability, obligation or claim) in connection with any claim, action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section 9(c)(ii), on an as incurred basis;

(e) Any and all damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs, and expenses suffered, incurred or required to be paid arising out of Buyer's ownership or operation of the Purchased Assets after the Effective Time (whether absolute, accrued, contingent or otherwise and whether a contractual, tax or any other type of liability, obligation or claim) and not arising out of an Excluded Liability; or

(f) Any and all damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs, and expenses suffered, incurred or required to be paid arising out of the Assumed Liabilities after the Effective Time (whether absolute, accrued, contingent or otherwise and whether a contractual, tax or any other type of liability, obligation or claim).

d. Claim Assertion.

i. It is the intention of the parties that they not spend administrative time and money after Closing in resolving claims that they may have against each

other hereunder for fulfillment of their agreements under this Agreement or for breach of any of their representations or warranties as herein set forth, if the aggregate amount of such claims is less than \$50,000. Consequently, (A) unless the amounts due to Buyer from Seller and/or any Shareholder with respect to (i) breach of any representation or warranty or other agreement of Seller or Shareholder herein contained, or (ii) their indemnification of Buyer relating to the assertion against Buyer of any Excluded Liability, is \$50,000 or more in the aggregate they shall not be recoverable and if such amounts are greater than \$50,000, then Seller and Shareholders shall have liability only for the amount which exceeds \$50,000; and (B) unless the amounts due to Seller and/or any Shareholder from Buyer with respect to breach of any representation or warranty or other agreement of Buyer herein contained is \$50,000 or more in the aggregate they shall not be recoverable and if such amounts are greater than \$50,000, then Buyer shall have liability only for the amount which exceeds \$50,000. Notwithstanding any provisions to the contrary, no party shall have any liability or obligation to indemnify any other party for any claims, individually or in aggregate, exceeding \$4,000,000. The foregoing limitations set forth in this paragraph, however, shall not apply to claims relating to the Employment Agreement with Trey and the consulting agreement with Lee, the provisions herein set forth in Section 10, Section 11, Section 12(b), the provisions herein set forth in Section 8 regarding Receivables, Seller's liability to Buyer with respect to those particular Excluded Liabilities set forth in Sections 2(b)(i), 2(b)(ii), and 2(b)(xi) and the Reimbursable Equipment Liabilities, the claim set forth in Schedule 4(r), and Seller's liability to Buyer with respect to warranty or return policies not assumed by Buyer pursuant to Section 2(a)(iii), and Buyer may recover a claim against Seller or Shareholder with respect to any of such items even if the aggregate of all claims is less than \$50,000. Notwithstanding that multiple subsections of Section 9(c) may apply to a claim, no indemnified person shall be entitled to more than one recovery thereunder.

ii. If the Closing occurs, Seller and Shareholders will have liability (for indemnification or otherwise) with respect to any breach of (i) a covenant or obligation to be performed or complied with prior to the Closing Date or (ii) a representation or warranty, only if on or before that date one hundred eighty (180) days after the expiration of the Indemnification Period, Buyer notifies Seller or Shareholders of Buyer's claim thereof specifying the factual basis of the claim in reasonable detail to the extent then known by Buyer.

iii. If the Closing occurs, Buyer will have liability (for indemnification or otherwise) with respect to any breach of (i) a covenant or obligation to be performed or complied with or (ii) a representation or warranty, only if on or before that date one hundred eighty (180) days after the expiration of the Indemnification Period, Seller notifies Buyer of Seller or Shareholder's claim thereof specifying the

factual basis of the claim in reasonable detail to the extent then known by Seller or Shareholders.

e. Right of Set-Off. If any indemnified person has given notice of a claim for indemnification pursuant to this Section 9, and such claim has been finally determined but is unpaid prior to the time scheduled for any payments by the indemnified person to any indemnifying person(s) pursuant to this Agreement or pursuant to the Annual Bonus provisions (Section 2.02) of the Employment Agreement (such amounts of payment pursuant to such provisions of the Employment Agreement, the “Annual Bonus”), to the extent such claim is unpaid for a period of 10 Business Days, the indemnified persons shall have the right to set off and otherwise apply the amount of such finally determined claim against the amount of the payments to be made by the indemnified person to such indemnifying person(s), including, without limitation, the application of all or part of the full amount of such finally determined claim against Trey’s Annual Bonus under the Employment Agreement. If Buyer has given notice of a bona fide claim for indemnification hereunder and such claim has not been finally determined prior to the time scheduled for any such payment, Buyer shall have the right, notwithstanding anything herein to the contrary, to withhold from the Annual Bonus otherwise due all or part of the amount (or, if the amount is not certain, a reasonable and good faith estimate of the amount) of such bona fide indemnification claim as set forth in such notice of claim. Following the final determination of such indemnification claim, Buyer shall (i) retain all or a portion of the amount so withheld, to the extent the final determination of such claim is in favor of the Buyer, and (ii) distribute the remainder, if any, to Trey, within 10 days after the date of such final determination. For the avoidance of doubt, (i) use of the foregoing setoffs, whether in whole or in part or otherwise, shall be at Buyer’s sole option and (ii) Buyer shall be entitled to set off 100% of the Annual Bonus pursuant to this Section 9(e) notwithstanding that such remedy may result in Trey bearing a larger portion of the indemnification responsibility than other Shareholders. Trey acknowledges and agrees that in the event of any inconsistency between this Section 9(e) and the Employment Agreement, the terms of this Agreement shall prevail. As used herein, “Business Day” means any day Monday through Friday, except for federal holidays.

f. Remedies Cumulative. Except as herein expressly provided, the remedies provided herein shall be cumulative and shall not preclude assertion by any party hereto of any other right or the seeking of any other remedies against any other party hereto.

g. Damage Limitation. NEITHER THE BUYER, NOR THE SELLER NOR THE SHAREHOLDERS MAY RECOVER PUNITIVE, SPECIAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES ARISING IN CONNECTION WITH THIS AGREEMENT, THE TRANSACTION DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED THEREBY; PROVIDED, HOWEVER, THAT THIS SECTION 9(g) SHALL NOT APPLY TO ANY CLAIMS BROUGHT IN CONNECTION WITH SECTIONS 4(b), 4(d), 4(f)-(i), 4(k), 4(p)-(w), 4(z)-(dd), 5(a), 5(b), or 5(d) OF THIS

AGREEMENT. Neither the Buyer, Seller or Shareholders shall be obligated to indemnify another party for any amount to the extent that party recovers such amount from a third party under any insurance policy, indemnity agreement or other agreement and each party shall use commercially reasonable efforts to enforce its rights under any such insurance policy, indemnity agreement or other agreement. Nothing in this Agreement shall in any way restrict or limit the obligations at law of an indemnified person to mitigate any damages it may suffer or incur by reason of the breach or inaccuracy of any representation or warranty by an indemnifying party or the breach or nonperformance of any covenant by an indemnifying party.

10. Non-Competition and Non-Solicitation Provisions. For no additional consideration other than to induce the consummation of the transactions contemplated by this Agreement, Seller, Lee and Ezell jointly and severally agree that they will not, except with Buyer's written consent:

a. Directly, indirectly or otherwise, make use of, disseminate or disclose to any person or entity any information, knowledge or data of Seller with respect to the Purchased Assets or the business relating thereto, which information, knowledge or data is not generally known in the business of Seller or Buyer.

b. For a period beginning the date hereof and ending five years after all Shareholders have left the employ of (including any consulting arrangement for) Buyer or any affiliate:

iii. Directly or indirectly (whether or not for compensation or profit) through any other individual or entity whether as an officer, director, shareholder, creditor, partner, promoter, proprietor, associate, employee, representative or otherwise, become or be interested in, or associated with, any individual or entity, other than the Buyer, engaged in any business or enterprise the nature of which is competitive with that of the Buyer in the territories served by the Buyer; provided however, that, anything above to the contrary notwithstanding, Seller and Shareholders may, after the date of this Agreement, own as inactive investors, securities of any corporation engaged in any prohibited business as described above which is publicly traded on a national securities exchange or in the over-the-counter market, so long as the holdings of Seller and Shareholders and their Affiliates, in the aggregate, constitute less than 1% of the outstanding voting securities of such corporation.

iv. Directly or indirectly (whether or not for compensation or profit) through any other individual or entity call upon, solicit, entice, persuade or induce any individual which presently is a customer or supplier of Seller to purchase (with respect to customers) or sell (with respect to suppliers) products of the types or kind sold by the Seller or which could be substituted for or which serve the same purpose or function as products sold by the Seller, and shall not approach, respond to, or

otherwise deal with any such customer or supplier for such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

v. Directly or indirectly (whether or not for compensation or profit) through any other individual or entity call upon, solicit, entice, persuade or induce any individual which presently is a customer or supplier of Seller to terminate, reduce, not enter into, or refrain from renewing or extending with the Buyer its contractual or other relationship that such customer, or supplier had with the Seller and shall not approach, respond to, or otherwise deal with any such customer or supplier for such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

vi. Take no action, formal or informal, direct or indirect, to (a) solicit the employment of or hire any employees while such person is, or was within the twenty four (24) month period prior to his or her solicitation of employment, an employee of Buyer or one of its Affiliates, other than through general advertising not specifically directed at such Employees, or (b) solicit, entice, induce or encourage any employees or any other employee, consultant or independent contractor of the Buyer to terminate his, her or its relationship with the Buyer in order to become an employee of, or a consultant or independent contractor to, a person other than Buyer.

c. Seller and each of the Shareholders acknowledge that by entering into this Agreement or their respective employment agreements with Buyer, as applicable, the restrictions contained in this Section 10 or their respective employment or consulting agreements, as applicable, will not cause them any undue harm and they are reasonable and necessary in order to protect the Buyer's legitimate interest and that any violation thereof will result in irreparable injury to the Buyer which cannot be adequately compensated by money damages. By reason of this, Seller and each of the Shareholders acknowledge that the Buyer shall be entitled, in addition to any other remedy it may have at law, to the remedies of injunction, specific performance and other equitable relief for breach by the Seller and the Shareholders, or any one of them, of the provisions of this Section 10 or their respective employment or consulting agreements, as applicable. This Section 10(c) or their respective employment or consulting agreements, as applicable, shall not, however, be construed as a waiver of any of the rights which the Buyer may have for damages, or otherwise.

d. Each of the terms, provisions and restrictions of this Section 10, including without limitation, Sections 10(b)(i)-(iii), is and is deemed to be severable, in whole or in part, and if any term, provision or restriction or the application thereof in any circumstances should be invalid, illegal or unenforceable the remaining terms, provisions and restrictions or the application thereof to circumstances other than those to which it is held invalid, illegal or unenforceable, shall not be affected thereby and shall remain in full force and effect.

e. In the event of any breach or violation of the restrictions contained in this Section 10 the period therein specified shall abate during the time of any violation thereof and that portion remaining at the time of commencement of any violation shall not begin to run until such violation shall be fully and finally cured.

f. If any of the terms, provisions or restrictions of Sections 10(b)(i)-(iii) are held to be in any respect unreasonable restrictions, then the court so holding shall reduce the territory to which it pertains and/or the period of time in which it operates or effect any other change to the extent necessary to render any of the terms, provisions or restrictions of said Sections 10(b)(i)-(iii) enforceable.

g. Notwithstanding any provision to the contrary in this Section 10 or elsewhere in this Agreement, the covenants and restrictions in this Section 10 other than those in Section 10(d) do not apply to Trey. Any non-competition and/or non-solicitation covenants, restrictions and obligations related to Trey are governed solely by the Employment Agreement and Section 10(d). However, any breach by Trey of the non-competition and/or non-solicitation covenants, restrictions and obligations in the Employment Agreement shall be deemed a breach of this Agreement.

11. Confidentiality. The Buyer, Seller and the Shareholders acknowledge that the terms, provisions and covenants of the Mutual Non Disclosure Agreement (“NDA”), attached as Exhibit D (as if all information concerning the Business, the Purchased Assets, the Assumed Liabilities, this Agreement and all of the transactions contemplated hereby were confidentially provided pursuant to the NDA and as if each of the Seller and the Shareholders were party thereto), shall remain in full force and effect for a period of three years from the date of the NDA, provided however, that as this Section 11 applies to Trey, the NDA shall remain in full force and effect for no longer than the period of time described in the Employment Agreement.

12. Post-Closing Covenants.

a. Employees. The Seller and the Shareholders shall use their best efforts to persuade the employees of Seller as requested by Buyer to become employees of Buyer after the Closing. Buyer agrees to hire all employees of the Seller who are in good standing immediately prior to the Closing under terms consistent with their current employment (including current bonus programs) or better as mutually agreed by Seller and Buyer and with their current seniority/tenure and all benefits currently offered by Buyer to its employees generally.

b. Equipment Reimbursement. The Seller and the Shareholders shall, to the extent any of the Reimbursable Equipment listed in Schedule 3(a) is, as of the Effective Time, (i) not available to the Buyer; (ii) not in substantially the same condition (normal wear and tear excepted) as noted in Schedule 3(a); or (iii) has been further monetized (in whole or in part) as compared to its status as noted in Schedule 3(a), be jointly and severally liable



to reimburse the Buyer for any corresponding decrease in value to Buyer of the Reimbursable Equipment, as determined according to the same methods as such equipment was valued for purposes of creating Schedule 3(a).

c. Registrations. The Buyer shall cause to be filed, with the cooperation of the Seller and Shareholders as may be reasonably requested by the Buyer, all material notifications required to be filed with the Department of Health and Human Services for the State of North Carolina and the Department of Health and Environmental Control for the State of South Carolina as a result of the transactions contemplated herein.

### 13. Miscellaneous.

a. Expenses; Transfer Taxes, Etc. The Seller and each of the Shareholders agree that all fees and expenses incurred by it or him in connection with the Agreement shall be borne by it and him and the Buyer agrees that all fees and expenses incurred by it in connection with this Agreement shall be borne by it. The Seller and each of the Shareholders agree that it or they will pay all sales, transfer or other taxes which may be payable by it in connection with the transactions contemplated by this Agreement.

b. Parties in Interest. This Agreement will be binding upon, inure to the benefit of, and be enforceable by, the respective successors and assigns of the parties hereto. Seller may assign its rights subject to its obligations hereunder to its Shareholders upon liquidation.

c. Amendments. This Agreement may be amended only by a written instrument duly executed by the parties, and any condition to a party's obligations hereunder may only be waived in writing by such party.

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

e. Notices. All notices, claims, certificates, requests, demands and other communications hereunder will be in writing and will be deemed to have been duly given if delivered personally sent by electronic transmission or when deposited in the United States mail (by registered, certified or express mail, postage prepaid) addressed as follows:

If to the Buyer, to:

c/o Richardson Electronics, Ltd.  
P.O. Box 393  
LaFox, IL 60147  
Attn: Edward J. Richardson  
E-mail: ed@rell.com

With a copy to: Olshan Frome Wolosky LLP  
 Park Avenue Tower  
 65 East 55<sup>th</sup> Street  
 New York, NY 10022  
 Attn: Mitchell Raab  
 Email: mraab@olshanlaw.com

If to Seller or the Shareholders: Lee A. McIntyre III  
 4134 Birkshire Heights  
 Fort Mill, SC 29708  
 Email: tmcintyrehome@gmail.com

With a copy to: The Van Winkle Law Firm  
 2201 South Boulevard, Suite 220  
 Charlotte, NC 28203  
 Attn: Anna S. Mills  
 Email: amills@vwlawfirm.com

or to such other address as the person to whom notice is to be given may have furnished to the others in writing in accordance herewith.

f. Counterparts. This Agreement may be executed in any number of counterparts and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

g. Governing Law. This Agreement will be governed by the laws of the State of Delaware without regard to conflict of laws principles.

h. Arbitration. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in Charlotte, North Carolina before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those rules. Judgment on an award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This clause shall not preclude the parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

i. Gender and Number. Any reference to gender shall be deemed to include the masculine, feminine or neuter genders as the context requires. The singular shall include the plural and the plural the singular as the context may require.

j. Person. “Person” means natural persons, partnerships, joint ventures, associations, corporations, trusts, governmental units or agencies and other public bodies.

k. Hereof, Etc. The words “hereof”, “herein”, “hereto”, “hereby”, “hereunder”, and other words of similar import refer to this Agreement as a whole including, without limit, all schedules and exhibits.

l. Waivers. Any party to this Agreement may, by written notice to the other parties hereto, waive any provision of this Agreement. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

14. [Reserved]

15. Access to Records. Except as otherwise provided herein, each party hereto agrees to preserve and make available for a period of five years after the date of Closing all of the books and records held by such party relating to the Purchased Assets, and the business conducted by Seller through the Closing including, without limitation personnel and payroll records of Seller, and after the Closing each party and its representatives shall have reasonable access at its own expense to all of such records held by the other parties, upon receipt of reasonable advance notice and during normal business hours.

16. Entire Agreement. This Agreement supersedes all prior agreements, whether written or oral, among the parties with respect to the subject matter (including any letter of intent and any confidentiality agreement) and constitutes (along with the Schedules, Exhibits and the Transaction Documents) a complete and exclusive statement of the terms of the agreement among the parties with respect to its subject matter.

17. Further Assurances. Each party hereto agrees (a) to make available upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other 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.

18. No Third Party Rights. Except as set forth in Section 9(c), nothing expressed or referred to in this Agreement shall be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

19. No Assignment. This Agreement may not be assigned by operation of law or otherwise without the express written consent of the Seller, on the one hand, and Buyer, on the other hand, which consent may be granted or withheld in the sole discretion of the Seller or Buyer, as the case may be; provided, however, that Buyer may, without the consent of any other party, assign its

rights and obligations hereunder to an affiliate of Buyer (provided, further, that Buyer shall remain jointly and severally liable with such affiliate and shall cause all of its covenants and obligations hereunder to be fulfilled, satisfied and fully complied with by Buyer's affiliate).

20. Attorney-Client Privilege.

a. Notwithstanding anything to the contrary contained elsewhere in this Agreement, it is acknowledged by each of the parties that The Van Winkle Law Firm has represented Seller prior to the Closing in connection with the transactions contained herein. The parties agree that any attorney-client privilege or attorney work-product protection attaching as a result of The Van Winkle Law Firm's representation of Seller in connection with the transactions contained herein, and all information and documents subject to such privilege or protection, shall belong to and be controlled by Seller, and may be waived only by Seller, and shall not pass or be claimed or used by Buyer; provided, however, that in the event of a dispute between the Buyer and a third party (other than a party to this transaction or such a party's affiliates) after the Closing Date, the Buyer may assert the attorney-client privilege and attorney work-product protection to prevent disclosure of confidential communications to such third party.

b. The attorney-client privilege and attorney work-product protection attaching as a result of The Van Winkle Law Firm's representation of Seller prior to the Closing Date concerning any subject matter to which Seller has or may have an indemnification obligation hereunder, and all information and documents subject to such privilege or protection, shall belong to and be controlled by Seller, and may be waived only by Seller, and shall not pass or be claimed or used by Buyer; provided, however, that in the event of a dispute between the Buyer and a third party (other than a party to this transaction or such a party's affiliates) after the Closing Date, the Buyer may assert the attorney-client privilege and attorney work-product protection to prevent disclosure of confidential communications to such third party.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the date first above written.

**SELLER:**

INTERNATIONAL MEDICAL EQUIPMENT &  
SERVICES, INC.

By: /s/ Lee A. McIntyre III

Name: Lee A. McIntyre III

Title: President

**SHAREHOLDER:**

/s/ Lee A. McIntyre III

Name: Lee A. McIntyre III

**SHAREHOLDER:**

/s/ Lee A. McIntyre, Jr.

Name: Lee A. McIntyre, Jr.

**SHAREHOLDER:**

/s/ Delburn Ezell

Name: Delburn Ezell

**BUYER:**

RICHARDSON ELECTRONICS, LTD.

By: /s/ Edward J. Richardson\_\_\_\_\_

Name: Edward J. Richardson

Title: Chief Executive Officer

**EMPLOYMENT, NONDISCLOSURE AND NON-COMPETE AGREEMENT**

**THIS EMPLOYMENT, NONDISCLOSURE AND NON-COMPETE AGREEMENT** (“Agreement”) is made and entered into as of this 15<sup>th</sup> day of June, 2015, by and between **RICHARDSON ELECTRONICS, LTD.**, a Delaware corporation with its principal place of business located at 40W267 Keslinger Road, P.O. Box 393, LaFox, IL 60147-0393 (the “Company” or “Employer”), and **Lee A. McIntyre III**, also known as Trey, an individual whose current residence address is 4134 Birkshire Heights, Fort Mill, South Carolina 29708 (“Employee”).

**RECITALS**

**WHEREAS**, the Company and International Medical Equipment & Services, Inc., a North Carolina corporation (“IMES, Inc.”), where Employee served as President and Chief Executive Officer, are parties to an asset purchase agreement dated June 15, 2015 (“Purchase Agreement”); and

**WHEREAS**, capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Purchase Agreement; and

**WHEREAS**, the Employer desires to employ Employee as its Executive Vice President, IMES, a division of Richardson Healthcare, upon the terms and conditions stated herein; and

**WHEREAS**, Employee desires to be so employed by the Employer at the salary and benefits provided for herein; and

**WHEREAS**, Employee acknowledges and understands that during the course of his employment, Employee has and will become familiar with certain confidential information of the Employer which provides the Employer with a competitive advantage in the marketplace in which it competes, is exceptionally valuable to the Employer, and is vital to the success of the Employer’s business; and

**WHEREAS**, the Employer and Employee desire to protect such confidential information from disclosure to third parties or its use to the detriment of the Employer; and

**WHEREAS**, Employee acknowledges that the likelihood of disclosure of such confidential information would be substantially reduced, and that legitimate business interests of the Employer would be protected, if Employee refrains from competing with the Employer and from soliciting its customers and employees during and following the term of the Agreement, and Employee is willing to covenant that he will refrain from such actions.

**NOW THEREFORE**, in consideration of the promises and of the mutual covenants and agreements hereinafter set forth, the parties hereto acknowledge and agree as follows:

**ARTICLE ONE**

**NATURE AND TERM OF EMPLOYMENT**

1.01 **Employment.** The Employer hereby agrees to employ Employee and Employee hereby accepts employment as the Employer’s Executive Vice President, IMES, a division of Richardson Healthcare (the “Business”).

1.02 **Term of Employment.** Employee’s employment pursuant to this Agreement shall commence on June 15, 2015, or such other date as may be agreed upon by Employee and the Employer and, subject to the other provisions of this Agreement, the term of such employment (the “Employment Term”) shall continue on an “at will” basis for five years.

1.03 **Duties.** Employee shall perform such managerial duties and responsibilities as may be assigned by the Employer’s Executive Vice President, Richardson Healthcare or such other person as the Employer may designate

from time to time. Employee will adhere to the policies and procedures of the Employer, including, without limitation, its Code of Conduct, and will follow the supervision and direction of the Executive Vice President, Richardson Healthcare, or such other person as the Employer may designate from time to time, in the performance of such duties and responsibilities. Employee agrees to devote his full working time, attention and energies to the diligent and satisfactory performance of his duties hereunder and to developing and improving the business and best interests of the Company. Employee will use all reasonable efforts to promote and protect the good name of the Company and will comply with all of his obligations, undertakings, promises, covenants and agreements as set forth in this Agreement. Employee will not, during the Employment Term and for a period of five (5) years following the termination of employment (including without limitation by way of resignation), engage in any activity which would have, or reasonably be expected to have, an adverse affect on the Employer's reputation, goodwill or business relationships or which would result, or reasonably be expected to result, in economic harm to the Employer.

1.04 IMES. During the Employment Term, the Company shall maintain separate internal financial reporting for the Business, with separate internal financial statements for the Business (the "Financial Statements") as further described in this Article One below and otherwise consistent with this Agreement. The Company agrees that during the Employment Term, the Business shall be maintained as a separate internal division (i.e., IMES, a division of Richardson Healthcare) and shall do business as, inter alia, International Medical Equipment and Services. During the Employment Term, the Company shall maintain an office location in Fort Mills, SC.

1.05 During the Employment Term, the Company shall ensure that one or more of the Company's other divisions, or an outside contractor, will use its capabilities to repair replacement parts for resale by the Business at an expense allocation to the Business to be agreed to by the Employer and Employee.

1.06 During the Employment Term, the Employer and Employee shall undertake reasonable efforts to ensure that:

(a) the Business shall continue to operate under the business model of IMES, Inc. in which the Business will train engineers to service diagnostic imaging equipment, refurbish and sell replacement Parts for diagnostic imaging equipment, sell diagnostic imaging equipment, and provide technical support for diagnostic imaging equipment (collectively the "Core Business");

(b) the services in and the sales from the Core Business will continue to be provided both domestically and internationally;

(c) the revenue and expense from, and otherwise allocated (consistent with this Agreement) to, the Business and the Core Business shall be included in the Financial Statements which shall be maintained in the separate books and records for the Business as kept by the Employer (consistent with this Agreement);

(d) Upon mutual approval by the Employee and the Company of a business plan, the Business will, to the extent provided for in such approved business plan, sell replacement Parts for equipment produced by manufacturers of diagnostic imaging equipment in addition to and different from the Parts sold by the Core Business. The revenue and cost (including without limitation cost of sales) of all such Parts described in this clause (d) will be included in the Business's Financial Statements regardless of where such Parts are sold and which Company division sells such Parts. For the avoidance of doubt, any and all plans, including but not limited to the addition of new infrastructure, inventory or employees, made to accommodate the sale of such Parts described in this clause (d) shall require the prior agreement of the Company. Notwithstanding anything to the contrary contained in this Agreement, the business plan, the revenue allocation and the cost allocation described in this Section 1.06(d) shall not apply to displays, flat panel detectors, new offerings taken on by the Company by business acquisition, MRI tubes and repaired MRI generators;

(e) both the revenue and the cost of all Aquilion tubes and all Toshiba Parts (including without limitation cost of sales) shall be included in the Business's Financial Statements regardless of where such products are sold and which Company division sells such products; and



(f) the Company shall use its best efforts to develop a tube that can be used in Toshiba equipment in place of the Aquilion tube (“Alternative Tube(s)”). Gross revenues and associated cost of goods sold generated from such sales, each as determined by the Company in its sole discretion, will be allocated to the Business’s Financial Statements.

As used herein, “Parts” shall mean all replacement parts used to repair or service equipment which are either harvested from complete systems or acquired directly from suppliers.

1.07 During the Employment Term, the Company intends at a time determined by the Company to implement operations that are substantially similar to the Core Business on a global basis. The revenue and expense from such operations and/or implementation shall be included in the Business’s Financial Statements. Employee shall propose the budget and shall be involved in the budgeting process for any such project.

1.08 The revenues and costs from any inventory held by the Business on the Closing Date shall be included in the Business’s Financial Statements when it is sold regardless of whether it is sold by the Business or any other Company division.

1.09 Notwithstanding anything to the contrary contained herein, and for the avoidance of doubt, the Company reserves the right to allocate to the Business’s Financial Statements as an expense an appropriate percentage of sales (as determined by the Company in its discretion) for any sales credited to the Business but made by employees of the Company which are not employees of the Business.

1.10 For the avoidance of doubt, revenues generated by the Business for sales of the Company’s products not specifically provided for in this Agreement but as may be subsequently agreed with the Company shall be included in the Business’s Financial Statements, provided that (a) the related cost of goods sold as recorded in the Company’s ERP is allocated to the Business’s Financial Statements and (b) sales of the Company’s products to customers that purchased such products from the Company in the past or from acquired product lines or businesses shall not be included in the Business’s Financial Statements.

## **ARTICLE TWO**

### **COMPENSATION AND BENEFITS**

For all services to be rendered by Employee in any capacity hereunder (including as an officer, director, committee member or otherwise of the Employer or any parent or subsidiary thereof or any division of any thereof) on behalf of the Employer, the Employer agrees to pay Employee so long as he is employed hereunder, and Employee agrees to accept, the compensation set forth below.

2.01 **Base Salary.** During the Employment Term, the Employer shall pay to Employee an annual base salary (“Base Salary”) at the rate of three hundred thousand dollars (\$300,000) (reduced by any applicable withholding), payable in installments as are customary under the Employer’s payroll practices from time to time. The Employer at its sole discretion may, but is not required to, review and adjust Employee’s Base Salary from year to year; provided, however, that, except as may be agreed in writing by Employee, the Employer may not decrease the Base Salary. No additional compensation shall be payable to Employee by reason of the number of hours worked or by reason of hours worked on Saturdays, Sundays, holidays or otherwise.

2.02 **Annual Bonus.**

(a) Additional payments equal to 20% of the EBITDA for the applicable preceding fiscal year (or portion thereof) of the Business (reduced by any applicable withholding, if any) (the “Annual Bonus”), shall be payable to Employee each year during the Employment Term pursuant to the payment schedule below and subject to Sections 2.02(c) and 2.02(d) below, provided that such Annual Bonus shall only be payable by the Employer to Employee for the applicable preceding fiscal year (or portion thereof) if EBITDA in such

period exceeds \$2,000,000 after taking into account any deduction for negative EBITDA, as set forth below in Section 2.02(c)(ii).

<b>Applicable Full or Partial Fiscal Year of the Employer</b>	<b>Approximate Payment Date</b>
Portion of fiscal year 2015 from the date hereof to end of fiscal year 2015	August 15, 2015
Fiscal year 2016	August 15, 2016
Fiscal year 2017	August 15, 2017
Fiscal year 2018	August 15, 2018
Fiscal year 2019	August 15, 2019
Portion of fiscal year 2020 to fifth anniversary of the date hereof (the "Stub Period")	Within 55 days after the conclusion of the Stub Period

(b) The Employer shall pay or cause to be paid to Employee any Annual Bonus in cash via wire transfer of immediately available funds to an account designated by Employee in writing.

(c) Determination of EBITDA. For the purposes of this Agreement, the following definitions shall apply:

(i) "Bonus Period" means the period commencing on the date hereof and ending on the fifth anniversary of the date hereof.

(ii) "EBITDA" means, as determined by the Employer, acting reasonably using the Business's Financial Statements and, for the avoidance of doubt, the allocation provisions set forth in Article One, for any given period, the earnings generated during such period by the Business after giving effect to the deduction or provision for all operating and other expenses of such Business and of the Company generally to the extent reasonably associated with revenues of the Business ("Deductible Expenses"), including, without limitation, depreciation on capital assets deployed, allocable expenses (including all sales, marketing and development costs associated with sales by the Employer of the Business's inventory and/or sales by the Business of other of the Employer's products as contemplated by Article One and in respect of other product sales permitted by the Company), total compensation (inclusive of bonuses) payable to any employee, agent or consultant, any Annual Bonus paid or payable pursuant to this Agreement, insurance costs and all Overhead Allocations, but before any deduction or provision for interest, income taxes, depreciation of Purchased Assets or amortization of intangible Purchased Assets, in all cases determined in accordance with GAAP. For purposes of calculating EBITDA it is expressly acknowledged that an Overhead Allocation shall be made. It is further expressly acknowledged that should EBITDA as calculated for any given period be a negative amount, such negative amount shall be carried forward and applied against any otherwise positive EBITDA of the next successive applicable periods, if any, on a dollar-for-dollar basis, so as to reduce the EBITDA for purposes of determining the Annual Bonus, if any, of such next successive applicable periods until such negative EBITDA amount has been fully applied against otherwise positive EBITDA, if any, during the Bonus Period. For the avoidance of doubt, in the event EBITDA for any given period (including as may be adjusted for any previous negative EBITDA) is positive but below \$2,000,000, there will be no carryover of such EBITDA to subsequent periods.

(iii) "Overhead Allocation" means, for any given period, a ratable allocation of general overhead expenses of the Employer applied by the Employer to the Business as operated by the Employer as mutually agreed to by Employee and the Company.

(d) Bonus Calculation Procedures; Bonus Acknowledgment. Within 45 days after the Employer's fiscal year-end (except, in the case of the Stub Period, within 45 days after the conclusion of the Stub Period), the Employer shall deliver to Employee written notice reasonably detailing the Employer's determination of any Annual Bonus for the prior year, or portion thereof (each, a "Post-Closing Payment" and collectively, the "Post-Closing Payments") and such determination shall be final, binding and conclusive on the parties hereto absent error. Within 10 days of such written notice, the Employer shall pay or cause to be paid to Employee the amount of any such payment as so determined. Employee must, within 30 days after his receipt of the Employer's notice, give written notice (an "Objection Notice") to the Employer specifying in reasonable detail any finding of error in the Employer's determination of the applicable Post-Closing Payment. If Employee does not deliver an Objection Notice within such 30-day period, the Employer's determination of the amount of the applicable Post-Closing Payment shall be final, binding and conclusive on the parties hereto. With respect to any disputed error pertaining to such Post-Closing Payment, Employee and the Employer shall negotiate in good faith during the 30-day period after the date of the Employer's receipt of the applicable Objection Notice to resolve any such disputes. If Employee and the Employer are unable to resolve all such disputes within such 30-day period, then within 10 days after the expiration thereof, all disputes shall be submitted to a mutually agreed upon accountant, who shall be engaged to provide a final and conclusive resolution of all unresolved disputes within 30 days after such engagement. The accountant shall act as an arbitrator to determine only those issues that remain in dispute, and such determination shall be based solely on a review of the factual materials presented by Employee and the Employer, either on their own initiative or at the specific request of the accountant, and such accounting principles and literature as the accountant shall deem appropriate; provided, however, that the accountant's decision for each disputed amount must be within the range of values assigned to each such item in the Employer's notice of the applicable Post-Closing Payment and the applicable Objection Notice, respectively; and provided, further, that the Employer's determination of any Overhead Allocations and Deductible Expenses, in each case determined by the Employer in good faith, shall be final and binding on the parties hereto and not subject to the accountant's review or dispute hereunder. The determination of the accountant as to the disputed amounts shall be final, binding and conclusive on the parties hereto. The fees and expenses of the accountant shall be allocated by the accountant between the Employer and Employee based on the aggregate percentage which the portions of the contested amounts not awarded to each party bear to the aggregate amounts contested by such party (with the Employer paying a percentage of such fees and expenses equivalent to such percentage not awarded and Employee paying the remainder). Any agreed or accountant-determined adjustment to any disputed Post-Closing Payment shall be paid, reduced by any applicable withholding, if any, in the quarter following such agreement or determination.

(e) Post-Closing Operation of the Business.

(i) Without limitation to specific contractual rights provided by this Agreement, Employee acknowledges that it shall not be entitled to assert any claim against the Employer in respect of, and the Employer has no express or implied obligations under, this Agreement to conduct the Business in any particular manner after Closing. Nothing in this Agreement creates a fiduciary duty on the part of the Employer in respect of the Annual Bonus. For the avoidance of doubt, except as may be specifically set forth in this Agreement, the Employer is under no obligation to enter into any agreement, understanding or arrangement that might or would lead to earnings includable in EBITDA for purposes of calculating such payments. Employee acknowledges that, subject to any limitations as may specifically be set forth in this Agreement, the Employer may make from time to time such business decisions as it deems appropriate in the conduct of the Business, including actions that may have an impact on EBITDA of the Business and the Annual Bonus and Employee shall not have any right to claim additional Annual Bonus payments or damages so long as the actions were not taken by the Employer in bad faith for the sole purpose of decreasing the Annual Bonus.

(ii) The parties hereto recognize that, without limitation to the other terms of this Agreement, if Employee ceases to be a full-time employee of the Employer during the Bonus Period this would likely result in the Employer having to provide significant replacement services to the Business (with the ensuing costs to be included in Deductible Expenses).

2.03 Auto Allowance and Vacation. During the Employment Term hereunder, Employee shall be paid an auto allowance of \$1,000 per month. Employee shall be entitled to vacation in accordance with the Employer's vacation policy in effect from time to time; provided, that notwithstanding, anything to the contrary in such policy, Employee shall be eligible for four (4) weeks' vacation per year.

2.04 Other Benefits. The Employer will provide Employee such benefits (other than bonus, auto allowance, severance, vacation) as are generally provided by the Employer to its other employees, including but not limited to, health/major medical insurance, dental insurance, disability insurance, life insurance, sick days and other employee benefits (collectively "Other Benefits"), all in accordance with the terms and conditions of the applicable Other Benefits Plans as in effect from time to time. Nothing in this Agreement shall require the Employer to maintain any benefit plan, nor prohibit the Employer from modifying any such plan as it sees fit from time to time. It is only intended that Employee shall be entitled to participate in any such plan offered for which he may qualify under the terms of any such plan as it may from time to time exist, in accordance with the terms thereof.

2.05 Disability. Any compensation Employee receives under any disability benefit plan provided by the Employer during any period of disability, injury or illness shall be in lieu of the Base Salary compensation which Employee would otherwise receive under Article Two during such period of disability, injury or sickness. Nothing in this Section 2.05 shall be construed to waive Employee's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 et seq. and the Americans with Disabilities Act, 42 U.S.C. §1201 et seq.

2.06 Withholding. All salary, bonus and other payments described in this Agreement shall be subject to withholding for federal, state or local taxes, amounts withheld under applicable benefit policies or programs, and any other amounts that may be required to be withheld by law, judicial order or otherwise.

### **ARTICLE THREE**

#### **CONFIDENTIAL INFORMATION RECORDS AND REPUTATION**

3.01 Definition of Confidential Information. For purposes of this Agreement, the term "Confidential Information" shall mean all of the following materials and information (whether or not reduced to writing and whether or not patentable) to which Employee receives or has received access or develops or has developed in whole or in part as a direct or indirect result of his employment with the Employer or through the use of any of the Employer's facilities or resources:

- (1) Marketing techniques, practices, methods, plans, systems, processes, purchasing information, price lists, pricing policies, quoting procedures, financial information, customer names, contacts and requirements, customer information and data, product information, supplier names, contacts and capabilities, supplier information and data, and other materials or information relating to the manner in which the Employer, its customers and/or suppliers do business;
- (2) Discoveries, concepts and ideas, whether patentable or not, or copyrightable or not, including without limitation the nature and results of research and development activities, processes, formulas, techniques, "know-how," designs, drawings and specifications;
- (3) Any other materials or information related to the business or activities of the Employer which are not generally known to others engaged in similar businesses or activities or which could not be gathered or obtained without significant expenditure of time, effort and money; and
- (4) All inventions, ideas or other intellectual property that are derived from or relate to Employee's access to or knowledge of the Company or any of the above enumerated materials and information.

The Confidential Information shall not include any materials or information of the types specified above to the extent that such materials or information are publicly known. Failure to mark any of the Confidential Information as confidential shall not affect its status as part of the Confidential Information under the terms of this Agreement.

3.02 Ownership of Confidential Information. Employee agrees that the Confidential Information is and shall at all times remain the sole and exclusive property of the Employer. Employee agrees immediately to disclose to the Employer all Confidential Information developed in whole or part by him during the Employment Term and to assign to the Employer any right, title or interest he may have in such Confidential Information.

Without limiting the generality of the foregoing, every invention, improvement, product, process, apparatus, or design which Employee may take, make, devise or conceive, individually or jointly with others, during the period of his employment by the Employer, whether during business hours or otherwise, which relates in any manner to the business of the Employer either now or at any time during the period of his employment, or which may be related to the Employer in connection with its business (hereinafter collectively referred to as "Invention") shall belong to and be the exclusive property of the Employer and Employee will make full and prompt disclosure to the Employer of every Invention. Employee will assign to the Employer, or its nominee, every Invention and Employee will execute all assignments and other instruments or documents and do all other things necessary and proper to confirm the Employer's right and title in and to every Invention; and, without limiting the foregoing, Employee will perform all proper acts within his power necessary or desired by the Employer to obtain letters patent in the name of the Employer (at the Employer's expense) for every Invention in whatever countries the Employer may desire, without payment by the Employer to Employee of any royalty, license fee, price or additional compensation.

3.03. Non Disclosure of Confidential Information. Except as required in the faithful performance of Employee's duties hereunder (or as required by law), during the Employment Term and for a period of five (5) years after the termination of such employment (including without limitation by way of resignation), Employee agrees not to directly or indirectly reveal, report, publish, disseminate, disclose or transfer any of the Confidential Information to any person or entity, or utilize for himself or any other person or entity any of the Confidential Information for any purpose (including, without limitation, in the solicitation of existing the Employer customers or suppliers), except in the course of performing duties assigned to him by the Employer. Employee further agrees to use his best endeavors to prevent the use for himself or others, or dissemination, publication, revealing, reporting or disclosure of, any Confidential Information.

3.04 Protection of Reputation. Employee agrees that he will at no time, either during his employment with the Employer or at any time after termination of such employment, engage in conduct which injures, harms, corrupts, demeans, defames, disparages, libels, slanders, destroys or diminishes in any way the reputation or goodwill of the Employer, its subsidiaries, or their respective shareholders, directors, officers, employees, or agents, or the services provided by the Employer or the products sold by the Employer, or its other properties or assets, including, without limitation, its computer systems hardware and software and its data or the integrity and accuracy thereof.

3.05 Records and Use of the Employer Facilities. All notes, data, reference materials, memoranda and records, including, without limitation, data on the Employer's computer system, computer reports, products, customers and suppliers lists and copies of invoices, in any way relating to any of the Confidential Information or the Employer's business (in whatever form existing, including, without limit, electronic) shall belong exclusively to the Employer, and Employee agrees to maintain them in a manner so as to secure their confidentiality and to turn over to the Employer all copies of such materials (in whole or in part) in his possession or control at the request of the Employer or, in the absence of such a request, upon the termination of Employee's employment with the Employer. Upon termination of Employee's employment with the Employer, Employee shall immediately refrain from seeking access to the Employer's (a) telephonic voice mail, E-mail or message systems, (b) computer system and (c) computer data bases and software. The foregoing shall not prohibit Employee from using the Employer's public Internet (not intranet) site.

## ARTICLE FOUR

### NON-COMPETE AND NON-SOLICITATION COVENANTS

4.01 Non-Competition and Non-Solicitation. Employee acknowledges that it may be very difficult for him to avoid using or disclosing the Confidential Information in violation of Article Three above in the event that he is employed by any person or entity other than the Employer in a capacity similar or related to the capacity in which he is employed by the Employer. Employee also acknowledges that the Company has entered into, and consummated the transactions contemplated in, the Purchase Agreement with the understanding, inter alia, that the provisions of this Article Four will be complied with by Employee. Accordingly, Employee agrees that he will not, during the Employment Term and for a period ending five years following termination of employment (including without limitation by way of resignation):

(a) Directly or indirectly (whether or not for compensation or profit) through any other individual or entity whether as an officer, director, shareholder, creditor, partner, promoter, proprietor, associate, employee, representative or otherwise, become or be interested in, or associated with, any individual or entity, other than the Company, engaged in any business or enterprise the nature of which is competitive with that of the Company in the territories served by the Company; provided however, that, anything above to the contrary notwithstanding, Employee may, after the date of this Agreement, own as inactive investors, securities of any corporation engaged in any prohibited business as described above which is publicly traded on a national securities exchange or in the over the counter market, so long as the holdings of Employee and his Affiliates, in the aggregate, constitute less than 1% of the outstanding voting securities of such corporation.

(b) Directly or indirectly (whether or not for compensation or profit) through any other individual or entity call upon, solicit, entice, persuade or induce any individual which is or has been a customer or supplier of IMES, Inc. or the Company to terminate, reduce, not enter into, or refrain from renewing or extending with the Company its contractual or other relationship that such customer or supplier has with the Business or the Company (or has had with IMES, Inc.) and shall not approach, respond to, or otherwise deal with any such customer or supplier for such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) Take no action, formal or informal, direct or indirect, to (a) solicit the employment of or hire any employees while such person is, or was within the twenty four (24) month period prior to his or her solicitation of employment, an employee of the Company or one of its Affiliates, other than through general advertising not specifically directed at such employees, or (b) solicit, entice, induce or encourage any employees or any other employee, consultant or independent contractor of the Company to terminate his, her or its relationship with the Company in order to become an employee of, or a consultant or independent contractor to, a person other than the Company.

4.02 Nothing in this Article Four (other than the last sentence of this Section 4.02) shall prohibit Employee from directly or indirectly owning any interest in Mobile Radiology Solutions, (PR LLC), and nothing herein shall prevent Employee from managing, controlling, promoting, assisting, rendering services for, participating in (whether as an officer, director, creditor, promoter, proprietor, associate, agent, executive, partner, consultant, or sales representative) financially or otherwise, Mobile Radiology Solutions, (PR LLC). Nothing in this Article Four (other than the last sentence of this Section 4.02) shall prevent Mobile Radiology Solutions, (PR LLC) from purchasing CT Scanners of any make or model and leasing such scanners to any person or entity as determined in the sole discretion of Employee. The provisions in this Section 4.02 shall not apply to the extent that any activity described herein shall compete with or otherwise negatively impact the Company, as reasonably determined by the Company.

4.03 Each of the terms, provisions and restrictions of this Article Four, including without limitation, Section 4.01, is and is deemed to be severable, in whole or in part, and if any term, provision or restriction or the application thereof in any circumstances should be invalid, illegal or unenforceable the remaining terms, provisions and restrictions or the application thereof to circumstances other than those to which it is held invalid, illegal or unenforceable, shall not be affected thereby and shall remain in full force and effect.

4.04 In the event of any breach or violation of the restrictions contained in this Article Four the period therein specified shall abate during the time of any violation thereof and that portion remaining at the time of commencement of any violation shall not begin to run until such violation shall be fully and finally cured.

## ARTICLE FIVE

### TERMINATION

5.01 Termination by the Employer for Cause. The Employer shall have the right to terminate Employee's employment at any time for "cause." Prior to such termination, the Employer shall provide Employee with written notification of any and all allegations constituting "cause" and Employee shall be given five (5) working days after receipt of such written notification to respond to those allegations in writing. Upon receipt of Employee's response, the Employer shall meet with Employee to discuss the allegations.

For purposes hereof, "cause" shall mean (i) an act or acts of personal dishonesty taken by Employee and intended to result in personal enrichment of Employee, (ii) material violations by Employee of Employee's obligations or duties, or under any terms of, this Agreement, which are not remedied in a reasonable period (not to exceed ten (10) days) after receipt of written notice thereof from the Employer, (iii) any violation by Employee of any of the provisions of Articles Three or Four, (iv) Employee being charged, indicted or convicted (by trial, guilty or no contest plea or otherwise) of (a) a felony, (b) any other crime involving moral turpitude, or (c) any violation of law which would impair the ability of the Employer or any affiliate to obtain any license or authority to do any business deemed necessary or desirable for the conduct of its actual or proposed business, or (v) any material breach by Employee of the representations and warranties or other agreements under the Purchase Agreement.

5.02 Termination by the Employer Because of Employee's Disability, Injury or Illness. The Employer shall have the right to terminate Employee's employment if Employee is unable to perform the duties assigned to him by the Employer because of Employee's disability, injury or illness, provided however, such inability must have existed for a total of one hundred eighty (180) consecutive days before such termination can be made effective. Any compensation Employee receives under any disability benefit plan provided by the Employer during any period of disability, injury or illness shall be in lieu of the Base Salary compensation which Employee would otherwise receive under Article Two during such period of disability, injury or sickness.

5.03 Termination as a Result of Employee's Death. Subject to Section 5.06 below, the obligations of the Employer to Employee pursuant to this Agreement shall automatically terminate upon Employee's death.

5.04 Termination by the Employer for any Other Reason. The Employer shall have the right to terminate Employee's employment at any time for any reason upon written notice to Employee.

5.05 Termination by Employee. Subject to the provisions of Articles Three and Four above, Employee may terminate his employment by the Employer at any time by sixty (60) days prior written notice to the Employer. In such event the Employer may elect to terminate the employment at any time after receipt of the notice; provided however, for compensation purposes, the date of termination shall be the last day of the notice period.

5.06 Compensation on Termination. If Employee's employment is terminated under Sections 5.01, 5.02, 5.03, 5.04 or 5.05 above, the Employer's obligation to pay Employee's Base Salary and Auto Allowance shall cease on the date on which the termination of employment occurs and shall be prorated and accrued to the date of termination. The Employer's obligations and Employee's rights with respect to Stock Awards, Options and Other Benefits, if any, shall be governed by the provisions of the plans under which they are granted (if so granted).

If Employee's employment is terminated under Sections 5.01 or 5.05 above, the Employer's obligation to pay the amounts set forth in Section 2.02 above shall cease on the date on which the termination of employment occurs and shall be prorated and accrued to the date of termination. If Employee's employment is terminated under Sections 5.02, 5.03 or 5.04 above, then so long as Employee provides such assistance and time as may reasonably be required

by the Employer to effect a smooth transition to the employee(s) assuming Employee's duties and responsibilities, the Employer's obligation to pay the amounts set forth in Section 2.02 shall continue until the fifth anniversary of this Agreement, it being understood that in the event of Employee's death such obligation shall be owed exclusively to Employee's estate.

If Employee is a "Specified Employee", as defined in Internal Revenue Code Section 409A and the regulations promulgated thereunder, on the date of his termination of employment, amounts otherwise payable within the first six (6) calendar months following Employee's termination of employment, if any, shall be delayed, to the extent necessary for Employee to avoid the adverse tax consequences imposed under Code Section 409A. On the first business day of the seventh calendar month immediately following Employee's termination of employment, payment of any such aggregate amount of the delayed cash payment shall be paid in a lump sum. The Employer's obligations and Employee's rights with respect to Stock Awards, Options and Other Benefits, if any, shall be governed by the provisions of the plans under which they are granted and paid or provided to the date on which Employee's employment is so terminated.

## **ARTICLE SIX**

### **REMEDIES**

6.01 Employee acknowledges that the restrictions contained in this Agreement will not prevent him from obtaining such other gainful employment he may desire to obtain or cause him any undue hardship and are reasonable and necessary in order to protect the legitimate interests and expectations of the Employer and that violation thereof would result in irreparable injury to the Employer. Employee therefor acknowledges and agrees that in the event of a breach or threatened breach by Employee of the provisions of Article Three or Article Four or Section 1.03, the Employer shall be entitled (without the requirement of posting a bond) to an injunction restraining Employee from such breach or threatened breach and Employee shall lose all rights to receive any payments under this Agreement, including without limitation those provided for in Section 2.02. Nothing herein shall be construed as prohibiting or limiting the Employer from pursuing any other remedies available to the Employer for such breach or threatened breach; the rights hereinabove mentioned being in addition to and not in substitution of such other rights and remedies. The period of restriction specified in Article Four shall abate during the time of any violation thereof, and the portion of such period remaining at the commencement of the violation shall begin to run until the violation is fully and finally cured.

6.02 Survival. The provisions of this Article Six and of Articles Three and Four shall survive the termination or expiration of this Agreement.

## **ARTICLE SEVEN**

### **MISCELLANEOUS**

7.01 Assignment. Employee and the Employer acknowledge and agree that the covenants, terms and provisions contained in this Agreement constitute a personal employment contract and the rights and obligations of the parties thereunder cannot be transferred, sold, assigned, pledged or hypothecated, excepting that the rights and obligations of the Employer under this Agreement may be assigned or transferred pursuant to a sale of the business, merger, consolidation, share exchange, sale of substantially all of the Employer's assets or of the business unit or division for which Employee is performing services, or other reorganization described in Section 368 of the Code, or through liquidation, dissolution or otherwise, whether or not the Employer is the continuing entity, provided that the assignee, or transferee is the successor to all or substantially all of the assets of the Employer or of the business unit or division for which Employee is performing services and such assignee or transferee assumes the rights and duties of the Employer, if any, as contained in this Agreement, either contractually or as a matter of law.

7.02 Severability. Should any of Employee's obligations under this Agreement or the application of the terms or provisions of this Agreement to any person or circumstances, to any extent, be found illegal, invalid or unenforceable in any respect, such illegality, invalidity or unenforceability shall not affect the other provisions of this



Agreement, all of which shall remain enforceable in accordance with their terms, or the application of such terms or provisions to persons or circumstances other than those to which it is held illegal, invalid or unenforceable. Despite the preceding sentence, should any of Employee's obligations under this Agreement be found illegal, invalid or unenforceable because it is too broad with respect to duration, geographical or other scope, or subject matter, such obligation shall be deemed and construed to be reduced to the maximum duration, geographical or other scope, and subject matter allowable under applicable law.

The covenants of Employee in Articles Three and Four and each subparagraph of Section 4.01 are of the essence of this Agreement; they shall be construed as independent of any other provision of this Agreement; and the existence of any claim or cause of action of Employee against the Employer, whether predicated on the Agreement or otherwise shall not constitute a defense to enforcement by the Employer of any of these covenants. The covenants of Employee shall be applicable irrespective of whether termination of employment hereunder shall be by the Employer or by Employee, whether voluntary or involuntary, or whether for cause or without cause.

7.03 Notices. Any notice, request or other communication required to be given pursuant to the provisions hereof shall be in writing and shall be deemed to have been given when delivered in person or three (3) days after being deposited in the United States mail, certified or registered, postage prepaid, return receipt requested and addressed to the party at its or his last known addresses. The address of any party may be changed by notice in writing to the other parties duly served in accordance herewith.

7.04 Waiver. The waiver by the Employer or Employee of any breach of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other breach of the same or any other term or condition hereof. Failure by any party to claim any breach or violation of any provision of this Agreement shall not constitute a precedent or be construed as a waiver of any subsequent breaches hereof.

7.05 Continuing Obligation. The obligations, duties and liabilities of Employee pursuant to Articles Three and Four of this Agreement are continuing, absolute and unconditional and shall remain in full force and effect as provided herein and survive the termination of this Agreement.

7.06 No Conflicting Obligations or Use. The Employer does not desire to acquire from Employee any secret or confidential know-how or information which he may have acquired from others nor does it wish to cause a breach of any non compete or similar agreement to which Employee may be subject. Employee represents and warrants that (i) other than for this Agreement, he is not subject to or bound by any confidentiality agreement or non disclosure or non compete agreement or any other agreement having a similar intent, effect or purpose or that would otherwise prevent, or make unlawful, the Employee being employed by the Company or performing his obligations hereunder to the Company, and (ii) he is free to use and divulge to the Employer, without any obligation to or violation of any right of others, any and all information, data, plans, ideas, concepts, practices or techniques which he will use, describe, demonstrate, divulge, or in any other manner make known to the Employer during the performance of services

7.07 Attorneys Fees. In the event that Employee has been found to have violated any of the terms of Articles Three or Four of this Agreement either after a preliminary injunction hearing or a trial on the merits or otherwise, Employee shall pay to the Employer the Employer's costs and expenses, including attorneys fees, in enforcing the terms of Articles Three or Four of this Agreement.

7.08 Advise New Employers. During Employee's employment with the Employer and for five (5) years thereafter, Employee will communicate the contents of Articles Three and Four to any individual or entity which Employee intends to be employed by, associated with, or represent which is engaged in a business which is competitive to the business of the Employer.

7.09 Captions. The captions of Articles and Sections this Agreement are inserted for convenience only and are not to be construed as forming a part of this Agreement.

7.10 Governing Law. This Agreement will be governed by the laws of the State of Illinois without regard to conflict of laws principles.

[Signature page follows]

**EMPLOYEE ACKNOWLEDGES THAT HE HAS READ AND FULLY UNDERSTANDS EACH AND EVERY PROVISION OF THE FOREGOING AND DOES HEREBY ACCEPT AND AGREE TO THE SAME.**

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

**EMPLOYEE**

**EMPLOYER**

/s/ Lee A. McIntyre III  
Lee A. McIntyre III

/s/ Edward J. Richardson  
Edward J. Richardson  
CEO and Chairman of the Board



## *Press Release*

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### **FOR IMMEDIATE PUBLICATION**

#### **Richardson Electronics, Ltd. Agrees to Acquire International Medical Equipment and Service, Inc. (IMES)**

**LaFox, IL, Tuesday, June 16, 2015:** Richardson Electronics, Ltd. (NASDAQ: RELL) today announced the signing of a definitive agreement to acquire the assets of International Medical Equipment and Service, Inc. (IMES). IMES is the first acquisition completed by Richardson Healthcare, the division of Richardson Electronics focused on high-value components and replacement parts for the diagnostic imaging market.

International Medical Equipment and Service, Inc. (IMES), based in South Carolina, provides reliable, cost-saving solutions worldwide for major brands of CT and MRI equipment. This acquisition positions Richardson Healthcare to provide cost effective diagnostic imaging replacement parts and training to hospitals, diagnostic imaging centers, medical institutions, and independent service organizations. With more than 10 years of experience, IMES offers an extensive selection of replacement parts, as well as an interactive training center, on-site test bays and experienced technicians who provide 24/7 customer support. Replacement parts are readily available and triple tested to provide peace of mind when uptime is critical.

"IMES brings extensive expertise in diagnostic imaging replacement parts, training and support," said Pat Fitzgerald, EVP and General Manager of Richardson Healthcare. "We look forward to working with Trey McIntyre and his team to bring cost effective replacement parts to Richardson customers around the world, and to selling Richardson Healthcare's range of products including PACS displays, flat panel detectors and replacement tubes to IMES' traditional customer base."

Trey McIntyre, President of IMES, said, "This is a great benefit for our customers who depend on our leading quality and support. Equally as important to us, Richardson Healthcare is building an incredible team packed with expertise and experience; the team is a natural fit with our own dedicated staff. We are excited because we know that with the expanded reach and new capabilities Richardson provides, we can better serve our customers."

IMES core operations will remain in South Carolina. Richardson Healthcare will expand its replacement parts and training offerings geographically leveraging Richardson Electronics' global infrastructure.



## *Press Release*

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**About Richardson Electronics, Ltd.**

Richardson Electronics, Ltd. is a leading global provider of engineered solutions, power grid and microwave tubes and related consumables; high value displays, flat panel detector solutions and replacement parts for diagnostic imaging equipment; and customized display solutions. We serve customers in the alternative energy, healthcare, aviation, broadcast, communications, industrial, marine, medical, military, scientific and semiconductor markets. The Company's strategy is to provide specialized technical expertise and "engineered solutions" based on our core engineering and manufacturing capabilities. The Company provides solutions and adds value through design-in support, systems integration, prototype design and manufacturing, testing, logistics, and aftermarket technical service and repair through its global infrastructure. More information is available online at [www.rell.com](http://www.rell.com).

Richardson Electronics common stock trades on the NASDAQ Global Select Market under the ticker symbol RELL.

**About Richardson Healthcare**

Richardson Electronics Healthcare provides flexible, efficient high-value diagnostic imaging replacement parts, components, and technical support to hospitals, diagnostic imaging centers, medical institutions, independent service organizations and more. We have a focused product selection of diagnostic imaging components and displays, as well as robust in-house manufacturing capabilities. In addition, we provide complete post-sale service and support, including installation support, maintenance, troubleshooting, calibration and conformance. For more information, visit us at [www.rellhealthcare.com](http://www.rellhealthcare.com).