TRADEMARK ASSIGNMENT

Electronic Version v1.1
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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
ActiveLight, Inc.		02/21/2006	CORPORATION: WASHINGTON
CineLight Corporation		02/21/2006	CORPORATION: WASHINGTON

RECEIVING PARTY DATA

Name:	Electrograph Systems, Inc.
Street Address:	50 Marcus Boulevard
City:	Hauppauge
State/Country:	NEW YORK
Postal Code:	11788
Entity Type:	CORPORATION: NEW YORK

PROPERTY NUMBERS Total: 5

Property Type	Number	Word Mark
Serial Number:	78629479	DIGITAL ONE NETWORK
Serial Number:	75506138	ACTIVELIGHT
Serial Number:	75511955	ACTIVE LIGHT
Serial Number:	78680843	CINELIGHT
Serial Number:	75511951	ACTIVE LIGHT

OP $140.00 78629479

CORRESPONDENCE DATA

Fax Number: (631)951-8255
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: (631) 951-7972
Email: abiel@electrograph.com
Correspondent Name: Amy Elizabeth Biel
Address Line 1: 50 Marcus Boulevard
Address Line 4: Hauppauge, NEW YORK 11788

NAME OF SUBMITTER:	Amy Elizabeth Biel

Signature:	/Amy Elizabeth Biel/
Date:	03/17/2006

Total Attachments: 82
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EXECUTION COPY

STOCK PURCHASE AGREEMENT

by and among

ELECTROGRAPH SYSTEMS, INC.,

HERBERT H. MYERS,

BRAD GLEESON

and

ALLEGHENY COLLEGE
(solely for the limited purposes set forth herein)

for all of the outstanding stock of

ACTIVELIGHT, INC.

and

CINELIGHT CORPORATION

February 21, 2006

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B	Form of Shared Services Agreement
C	Accounting Rules
D	Form of Opinion of Counsel to the Sellers
E	Form of Spousal Consent
F	Form of College Notice
G	Form of Subordination and Intercreditor Agreement
H	Form of Release
I	Form of ActiveSource Purchase Agreement

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STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of February 21, 2006, by and among ELECTROGRAPH SYSTEMS, INC., a New York corporation (the "Purchaser"), and HERBERT H. MYERS ("Myers") and BRAD GLEESON ("Gleeson" and together with Myers, the "Sellers" and, together with the Purchaser, the "Parties") for the purchase and sale of all of the issued and outstanding shares of capital stock of ACTIVELIGHT, INC., a Washington corporation ("ActiveLight") and CINELIGHT CORPORATION, a Washington corporation ("CineLight," and together with ActiveLight, each a "Company" and collectively the "Companies"). In addition, Allegheny College (the "College") is made a party to this Agreement solely to effectuate the transfer of ActiveLight Shares previously pledged to the College for charitable purposes by Myers.

WHEREAS, the Sellers, together with the College, are the beneficial and record owners of all of the issued and outstanding shares of common stock, no par value of ActiveLight (the "ActiveLight Shares"), and the Sellers are the beneficial and record owners of all of the issued and outstanding shares of common stock, no par value of CineLight (the "CineLight Shares" and, together with the ActiveLight Shares, the "Shares");

WHEREAS, upon the terms and subject to the conditions of this Agreement, the Sellers and the College wish to sell to the Purchaser, and the Purchaser wishes to purchase from the Sellers and the College, all of the Shares;

WHEREAS, concurrently with the execution of this Agreement, and as a condition to the willingness of the Purchaser to enter into this Agreement, the Purchaser, the Sellers and Wells Fargo Bank, N.A., as escrow agent (the "Escrow Agent") are entering into an Escrow Agreement, substantially in the form attached as Exhibit A (the "Escrow Agreement"), and $1,150,000 of the aggregate cash purchase price (the "Escrow Deposit") will be delivered to the Escrow Agent and held in an escrow account in accordance with the Escrow Agreement as security for certain obligations of the Sellers set forth in this Agreement;

WHEREAS, concurrently with the execution of this Agreement, and as a condition to the willingness of the Purchaser to enter into this Agreement, BOXLIGHT Corporation, a Washington corporation, is entering into a shared services agreement with the Purchaser containing the terms and conditions set forth on Exhibit B (the "Shared Services Agreement");

WHEREAS, concurrently with the execution of this Agreement the Purchaser, the Sellers, Antares Capital Corporation and D.B. Zwirn Special Opportunities Fund, L.P. are entering into a subordination and intercreditor agreement, in the form attached hereto as Exhibit G (the "Subordination and Intercreditor Agreement"); and

WHEREAS, concurrently with the execution of this Agreement, and as a condition to the willingness of the Purchaser to enter into this Agreement, The Digital

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Signage Group, Inc., a Washington corporation ("DSG"), is entering into an agreement for purchase and sale of assets with ActiveLight, in the form attached hereto as Exhibit I (the "ActiveSource Purchase Agreement"), pursuant to which DSG will, among other things, purchase the Acquired Assets and assume the Assumed Liabilities;

WHEREAS, certain terms used in this Agreement are defined in Section 10.1;

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained in this Agreement, and intending to be legally bound by this Agreement, the Parties agree as follows:

ARTICLE I

SALE AND PURCHASE OF SHARES

1.1 Sale and Purchase of Shares. At the closing provided for in Section 1.3 (the "Closing"), upon the terms and subject to the conditions of this Agreement and in reliance upon the representations, warranties, covenants and agreements of the Sellers contained in this Agreement, the Sellers and the College shall sell to the Purchaser, and the Purchaser shall purchase from the Sellers and the College, all of the Shares, free and clear of all Liens (other than Liens created by the Purchaser and restrictions imposed by applicable securities Laws).

1.2 Purchase Price. The consideration (the "Purchase Price") that the Purchaser shall pay for the Shares shall consist of the following, subject to adjustment as provided in Section 1.5:

(a) cash in an amount equal to the Closing Payment, as calculated and payable at Closing pursuant to Section 1.4(b)(i);

(b) cash in an amount equal to the Escrow Deposit, which shall be deposited at Closing with the Escrow Agent as provided in Section 1.4(c) as security to satisfy the Sellers' obligations, if any, (i) to pay a post-Closing purchase price adjustment pursuant to Section 1.5 and (ii) to indemnify the Purchaser Indemnified Partners pursuant to Articles VIII and IX; and

(c) cash in an amount equal to the Earn-Out Payment (if any), as finally determined and payable subsequent to the Closing pursuant to Section 1.6.

1.3 Closing; Closing Date. The Closing of the sale and purchase of the Shares and the other transactions contemplated by this Agreement and each of the other Transaction Documents (collectively, the "Contemplated Transactions") shall take place at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, at 1285 Avenue of the Americas, New York, New York 10019 on the date hereof upon satisfaction of the conditions to Closing set forth in Article VI. The date upon which the

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Closing occurs is called the "Closing Date," and the Closing shall be deemed to have occurred at 12:03 a.m., Pacific Time, on the Closing Date.

1.4 Closing Deliveries.

(a) At the Closing, each Seller and the College, as the case may be, shall deliver or cause to be delivered to the Purchaser the following items:

(i) stock certificates representing the number of Shares set forth opposite such Seller's or the College's name on Schedule 2.4(a), collectively constituting all of the outstanding capital stock of each of the Companies, duly endorsed in blank or accompanied by stock powers duly executed in blank, in proper form for transfer, and with all appropriate stock transfer tax stamps affixed, free and clear of all Liens (other than Liens created by the Purchaser and restrictions imposed by applicable securities Laws);

(ii) the items required to be delivered by the Sellers pursuant to Section 6.2; and

(iii) such other items in connection with the consummation of the Contemplated Transactions that may be reasonably requested by any Party to effectuate the Closing.

(b) At the Closing, the Purchaser shall deliver or cause to be delivered to the Sellers and the College, as the case may be, the following items:

(i) cash in an amount equal to $11,500,000 minus the Escrow Deposit minus the amount, if any, by which the Pre-Closing Indebtedness Amount exceeds $143,000 plus an amount, if any, equal to the Estimated Net Working Capital Overage minus an amount, if any, equal to the Estimated Net Working Capital Underage (such amount of cash, the "Closing Payment"); the Closing Payment shall be allocated among the Sellers and the College in accordance with the percentages set forth on Schedule 1.4(b) and the amount so allocated to each Seller and the College shall be paid by wire transfer of immediately available funds to the account or accounts designated by each Seller and the College in writing not less than two Business Days prior to the Closing;

(ii) the items required to be delivered by the Purchaser pursuant to Section 6.3; and

(iii) such other items in connection with the consummation of the Contemplated Transactions that may be reasonably requested by any Party to effectuate the Closing.

(c) At the Closing, funds shall be paid and released pursuant to a mutually acceptable flow of funds memorandum, requiring, among other things, that the Purchaser shall deliver or cause to be delivered to the Escrow Agent the Escrow Deposit.

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(d) The Purchaser shall pay or cause to be paid in full, at or immediately following the Closing, all Indebtedness of the Companies outstanding as of immediately prior to the Closing, together with all accrued and unpaid interest thereon and any other fees, costs and expenses required to be paid thereto.

1.5 Purchase Price Adjustment Based on Net Working Capital.

(a) Calculation of Estimated Net Working Capital. Prior to the date hereof the Sellers have prepared, in consultation with the Purchaser, and delivered to the Purchaser, a statement (the "Estimated Closing Statement"), certified in writing by each Seller, setting forth in reasonable detail the Sellers' good faith estimate of individual balance sheets of each of the Companies, and a consolidated balance sheet of the Companies, in each case, as of immediately prior to the Closing and a calculation, based on such balance sheets, of the estimated Net Working Capital (and the estimated amount, if any of the Closing Net Working Capital Overage or the Closing Net Working Capital Underage) as of immediately prior to the Closing, which is stated individually for each of the Companies and aggregated for the Companies (the "Estimated Net Working Capital"). The Sellers prepared the Estimated Closing Statement and the items included in the Estimated Net Working Capital based on the most recent ascertainable financial information of the Companies, with such adjustments thereto as were reasonably appropriate to reflect any changes which were known to the Sellers to have occurred subsequent to the date of such financial information or which, in the reasonable judgment of the Sellers, would occur prior to the Closing, and were prepared in accordance with the accounting principles, methods and practices utilized in preparing the Financial Statements applied on a consistent basis in conformity with GAAP (but without the necessity of notes), as if the time immediately prior to the Closing was the last day of the fiscal year of the Companies and in accordance with the rules set forth on Exhibit C; provided, that in the event of any conflict between such accounting principles, methods and practices or GAAP and the rules set forth on Exhibit C, the rules set forth on Exhibit C shall apply. The Purchaser is reasonably satisfied that (i) the Estimated Closing Statement has been prepared accurately in accordance with the provisions of Section 1.5(b) and (ii) there has not been an error in mathematical calculation relating to the Estimated Closing Statement.

(b) Preparation of Closing Statement. As soon as practicable and in any event not later than 90 days after the Closing Date, the Purchaser shall prepare and deliver to the Sellers a statement (the "Closing Statement") setting forth in reasonable detail (i) the Purchaser's determination of the Net Working Capital of the Companies (and the amount, if any of the Closing Net Working Capital Overage or the Closing Net Working Capital Underage) (the "Closing Net Working Capital"), which shall be stated individually for each of the Companies and aggregated for the Companies and (ii) the determination of the "Adjusted Closing Payment", which shall be an amount equal to $11,500,000 minus the Escrow Deposit minus the Pre-Closing Indebtedness Amount, if any, plus an amount, if any, equal to the Closing Net Working Capital Overage minus an amount, if any, equal to the Closing Net Working Capital Underage. The Closing Statement shall be based on the most recent ascertainable financial information of the Companies, with such adjustments thereto as are known to have

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occurred prior to the Closing and shall be prepared in accordance with the accounting principles, methods and practices utilized in preparing the Financial Statements applied on a consistent basis in conformity with GAAP, as if the time immediately prior to the Closing was the last day of the fiscal year of the Companies and in accordance with the rules set forth on Exhibit C; provided, that in the event of any conflict between the rules set forth on Exhibit C and such accounting principles, methods and practices or GAAP , the rules set forth on Exhibit C shall apply. The Closing Statement shall be final and binding on the Purchaser and the Sellers, subject to the process of objection provided in this Section 1.5 below.

(c) Review of Closing Statement. The Sellers may dispute the amounts reflected on any portion of the Closing Statement related to the Purchaser's determination of the Net Working Capital of the Companies, but only on the basis that (i) the Closing Statement has not been prepared accurately in accordance with the provisions of Section 1.5(b) or (ii) there has been an error in mathematical calculation relating to the Closing Statement. In the event of such a dispute, the Sellers may, within 30 days after the deliveries of the Closing Statement, deliver a notice to the Purchaser (the "Dispute Notice") setting forth the Sellers' calculation of the Closing Net Working Capital and specifying, in reasonable detail, those items or amounts in the Closing Statement affecting the calculation of the Closing Net Working Capital as to which it disagrees and the reasons for such disagreement. If prior to the conclusion of such 30-day period the Sellers notify the Purchaser in writing that they will not provide any Dispute Notice or if no Dispute Notice is delivered within such 30-day period, the Closing Net Working Capital, as set forth on the Closing Statement, shall become final, conclusive and binding on the parties hereto for all purposes of this Section 1.5.

(d) Resolution of Disputes Over Closing Net Working Capital Calculation. If the Sellers deliver a Dispute Notice to the Purchaser within the 30-day period described above, the Parties shall use reasonable efforts to reach agreement on the disputed items or amounts in order to determine the Closing Net Working Capital. If the Sellers and the Purchaser do not resolve all disputed items or amounts set forth in the Dispute Notice within 30 days after delivery of a Dispute Notice, the remaining disputed items and amounts shall be submitted to a nationally recognized independent accounting firm in the U.S. mutually agreed to by the Purchaser and the Sellers (the "Independent Accountants") for resolution of such disputed items and amounts. The Parties will each submit a written statement setting forth in reasonable detail their respective positions with respect to only the disputed items set forth in the Dispute Notice. The Sellers and the Purchaser will furnish to the Independent Accountants such work papers and other documents and information relating to the disputed items as the Independent Accountants may request and are available to that Party (or its independent public accountants). The Parties will have the opportunity to present their positions with respect to such disputed items and amounts to the Independent Accountants, and such disputed items and amounts shall be resolved by the Independent Accountants in accordance with the requirements of Section 1.5(b). The Independent Accountants shall prepare a written report setting forth the resolution of such disputed items and amounts and calculating the revised amount of Closing Net Working Capital, which shall be delivered to each of the Sellers and the Purchaser promptly, but in no event later than 30 days after such disputed items and

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amounts are submitted to the Independent Accountants. Such revised amount of Closing Net Working Capital shall not reflect any difference from the amount of Closing Net Working Capital set forth on the Closing Statement other than differences required to reflect the resolution of such disputed items and amounts by the Independent Accountants. In resolving any individual disputed item, the Independent Accountants may not assign a dollar amount or value to such item that is more than the greatest amount or value, or less than the lowest amount or value, proposed by the Parties in their written statements submitted to the Independent Accountants. The revised amount of Closing Net Working Capital set forth on the Independent Accountants' written report shall be final, conclusive and binding upon the Sellers and the Purchaser, and shall not be subject to appeal of any kind. The fees and disbursements of the Independent Accountants shall be allocated between the Purchaser, on the one hand, and the Sellers, on the other hand, such that the Sellers' share of such fees and disbursements shall be in the same proportion that the aggregate amount of the disputed items and amounts submitted by the Sellers to the Independent Accountants that are unsuccessfully disputed by the Sellers (as finally determined by the Independent Accountants) bears to the total amount of such disputed items and amounts so submitted by the Sellers to the Independent Accountants. Each of the Sellers and the Purchaser shall execute a reasonably acceptable engagement letter, if requested to do so by the Independent Accountants, and shall provide reasonable access to their respective employees who are responsible for financial matters and in the case of the Purchaser, to the books and records of the Companies.

(e) Purchase Price Adjustment Based on Closing Net Working Capital. If the Adjusted Closing Payment, as finally determined in accordance with this Section 1.5, is less than the Closing Payment, the Sellers shall pay (or to the extent permitted by Section 1.5(f), the Escrow Agent shall be directed to pay), within five Business Days after the final determination of the Closing Net Working Capital, an amount to the Purchaser equal to such Seller's Pro Rata Percentage of such difference. If the Adjusted Closing Payment, as finally determined in accordance with this Section 1.5, is more than the Closing Payment, the Purchaser shall pay, within five Business Days after the final determination of the Closing Net Working Capital, an amount to the Sellers and the College equal to such difference, which amount shall be allocated among the Sellers and the College in accordance with the percentages set forth on Schedule 1.4(b) or as otherwise provided to Purchaser in a written notice executed by the Sellers and the College. Any payment made pursuant to this Section 1.5 shall be made by wire transfer of immediately available funds to an account designated by the payee, and shall be deemed by the parties to be an adjustment to the Purchase Price. The amount of any such payment due under this Section 1.5(e) shall bear interest at the rate of 6% per annum from and including the Closing Date through the date of payment.

(f) Release from Escrow. Within five Business Days after the final determination of the Closing Net Working Capital, the Sellers and the Purchaser shall give a joint written notice to the Escrow Agent directing the disposition of the Escrow Deposit and wire instructions necessary to make such disposition. Notwithstanding anything to the contrary herein, any payments required to be made by the Sellers under Section 1.5(e) and not exceeding an amount equal to $250,000 minus

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the amount, if any, of any outstanding claims of (i) any Tax Indemnified Purchaser Parties under Article VIII or (ii) any Purchaser Indemnified Parties under Article IX (the "Release Cap Amount"), shall be paid first from the Escrow Deposit in accordance with the terms of the Escrow Agreement. In the event that the payment required to be made by the Sellers under Section 1.5(e) is less than the Release Cap Amount, such difference shall be released by the Escrow Agent to the Sellers and the College in accordance with the percentages set forth on Schedule 1.4(b) and the terms of Escrow Agreement. In the event that the Sellers are not required to make a payment under Section 1.5(e), the Release Cap Amount shall be released by the Escrow Agent to the Sellers and the College in accordance with the percentages set forth on Schedule 1.4(b) and the terms of the Escrow Agreement.

1.6 Earn-Out Payment.

(a) Earn-Out Payment Trigger. The Purchase Price shall be increased by an amount between $150,000 and $1,000,000 (the "Earn-Out Payment") if (and only if) the Gross Profits earned by the Purchaser and its Subsidiaries (the "Earn-Out Gross Profits") during the Purchaser's fiscal year ended July 31, 2007 (the "Earn-Out Period"), as finally determined pursuant to this Section 1.6, are at least $33,300,000 (the "Lower Earn-Out Gross Profit Target"). The Earn-Out Payment will be $1,000,000 if such Earn-Out Gross Profits are equal to or greater than $36,300,000 (the "Upper Earn-Out Gross Profit Target"). If such Earn-Out Gross Profits are greater than or equal to the Lower Earn-Out Gross Profit Target, but less than $34,800,000 (the "Middle Earn-Out Gross Profit Target" and together with the Lower Earn-Out Gross Profit Target and the Upper Earn-Out Gross Profit Target, the "Earn-Out Gross Profit Targets"), the Earn-Out Payment will be calculated on a straight line percentage from $150,000 to $350,000 corresponding to the relative amount by which such Earn-Out Gross Profits are between the Lower Earn-Out Gross Profit Target and the Middle Earn-Out Gross Profit Target. If such Earn-Out Gross Profits are greater than or equal to the Middle Earn-Out Gross Profit Target but less than the Upper Earn-Out Gross Profit Target, the Earn-Out Payment will be calculated on a straight line percentage from $350,000 to $1,000,000 corresponding to the relative amount by which such Earn-Out Gross Profits are between the Middle Earn-Out Gross Profit Target and the Upper Earn-Out Gross Profit Target.

(b) Preparation of Earn-Out Income Statement and Earn-Out Statement. As soon as practicable and in any event not later than November 30, 2007, the Purchaser shall prepare and deliver to the Sellers an audited consolidated income statement of the Purchaser and its Subsidiaries for the Earn-Out Period (the "Earn-Out Income Statement"), together with a statement (the "Earn-Out Statement") setting forth in reasonable detail the determination of the Earn-Out Gross Profits based upon amounts set forth on the Earn-Out Income Statement. The Earn-Out Income Statement and the Earn-Out Statement shall be prepared in accordance with the accounting principles, methods and practices utilized in preparing the financial statements of the Purchaser and its Subsidiaries for the fiscal year ending July 31, 2006 applied on a consistent basis in conformity with GAAP. The Earn-Out Income Statement and the

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Earn-Out Statement shall be final and binding on the Purchaser and the Sellers, subject (if applicable) to the process of objection provided in this Section 1.6 below.

(c) Review of Earn-Out Income Statement and the Earn-Out Statement. The Sellers may dispute the amounts reflected on the Earn-Out Income Statement and the Earn-Out Statement, but only on the basis that (i) the Earn-Out Income Statement and the Earn-Out Statement have not been prepared accurately in accordance with the provisions of Section 1.6(b) or (ii) there has been an error in mathematical calculation relating to the Earn-Out Statement; provided, that in no event shall the dispute concern the reported audited results of the Purchaser but only as to the derivation of the Earn-Out Gross Profits from such audited results. If the Sellers disagree with the amount of the Earn-Out Gross Profits, the Sellers may, within 30 days after the deliveries of the Earn-Out Income Statement and the Earn-Out Statement, deliver a notice to the Purchaser (the "Earn-Out Dispute Notice") setting forth the Sellers' calculation of the Earn-Out Gross Profits and specifying, in reasonable detail, those items or amounts in the Earn-Out Income Statement and the Earn-Out Statement affecting the calculation of the Earn-Out Gross Profits as to which it disagrees and the reasons for such disagreement. If prior to the conclusion of such 30-day period the Sellers notify the Purchaser in writing that they will not provide any Earn-Out Dispute Notice or if no Earn-Out Dispute Notice is delivered within such 30-day period, the Earn-Out Gross Profits, as set forth on the Earn-Out Statement, shall become final, conclusive and binding on the parties hereto for all purposes of this Section 1.6.

(d) Resolution of Disputes Over Earn-Out Gross Profits Calculation. If the Sellers deliver an Earn-Out Dispute Notice to the Purchaser within the 30-day period described above, the Parties shall use reasonable efforts to reach agreement on the disputed items or amounts in order to determine the Earn-Out Gross Profits. If the Sellers and the Purchaser do not resolve all disputed items or amounts set forth in the Earn-Out Dispute Notice within 30 days after delivery of an Earn-Out Dispute Notice, the remaining disputed items and amounts shall be submitted to a nationally recognized independent accounting firm in the U.S. mutually agreed to by the Purchaser and the Sellers (the "Earn-Out Accountants") for resolution of such disputed items and amounts. The Parties will each submit a written statement setting forth in reasonable detail their respective positions with respect to only the disputed items set forth in the Earn-Out Dispute Notice. The Sellers and the Purchaser will furnish to the Earn-Out Accountants such work papers and other documents and information relating to the disputed items as the Earn-Out Accountants may request and are available to that Party (or its independent public accountants). The Parties will have the opportunity to present their positions with respect to such disputed items and amounts to the Earn-Out Accountants, and such disputed items and amounts shall be resolved by the Earn-Out Accountants in accordance with the requirements of Section 1.6(b). The Earn-Out Accountants shall prepare a written report setting forth the resolution of such disputed items and amounts and calculating the revised amount of Earn-Out Gross Profits, which shall be delivered to each of the Sellers and the Purchaser promptly, but in no event later than 30 days after such disputed items and amounts are submitted to the Earn-Out Accountants. Such revised amount of Earn-Out Gross Profits shall not reflect any difference from the amount of Earn-Out Gross Profits set forth on the Earn-Out

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Statement other than differences required to reflect the resolution of such disputed items and amounts by the Earn-Out Accountants. In resolving any individual disputed item, the Earn-Out Accountants may not assign a dollar amount or value to such item that is more than the greatest amount or value, or less than the lowest amount or value, proposed by the Parties in their written statements submitted to the Earn-Out Accountants. The revised amount of Earn-Out Gross Profits set forth on the Earn-Out Accountants' written report shall be final, conclusive and binding upon the Sellers and the Purchaser and shall not be subject to appeal of any kind. The fees and disbursements of the Earn-Out Accountants shall be allocated between the Purchaser, on the one hand, and the Sellers, on the other hand, such that the Sellers' share of such fees and disbursements shall be in the same proportion that the aggregate amount of the disputed items and amounts submitted by the Sellers to the Earn-Out Accountants that are unsuccessfully disputed by the Sellers (as finally determined by the Earn-Out Accountants) bears to the total amount of such disputed items and amounts so submitted by the Sellers to the Earn-Out Accountants. Each of the Sellers and the Purchaser shall execute a reasonably acceptable engagement letter, if requested to do so by the Earn-Out Accountants, and shall provide reasonable access to their respective employees who are responsible for financial matters and in the case of the Purchaser, to the books and records of the Companies.

(e) Manner of Earn-Out Payment. Any payment required to be made pursuant to this Section 1.6 shall be paid by the Purchaser within five Business Days after the final determination of the Earn-Out Gross Profits and allocated among the Sellers and the College in accordance with the percentages set forth on Schedule 1.4(b), and the amount so allocated to each Seller and the College shall be made by wire transfer of immediately available funds to the account or accounts designated by the Sellers and the College, as the case may be, and shall be deemed by the parties to be an adjustment to the Purchase Price. The Parties acknowledge and agree that the Purchaser's obligation to make, and the Sellers' right to receive, the Earn-Out Payment are subject to the provisions of the Subordination and Intercreditor Agreement. The parties agree that any due and payable Earn-Out Payment that is delayed for any reason, including pursuant to operation of the Subordination and Intercreditor Agreement, will accrue after the date specified in this Section 1.6(e) interest at the rate of 6% per annum until paid, such interest to become part of the Earn-Out Payment due under this Section 1.6.

(f) Effect of Acquisitions and Dispositions.

(i) If, prior to the end of the Purchaser's fiscal year ending July 31, 2007, the Purchaser, directly or indirectly, acquires (by way of merger, consolidation, purchase of assets, capital stock or other equity interests or other similar transaction), other than in the Ordinary Course of Business, in one transaction or series of related transactions, all or substantially all of the capital stock or other equity interests of any Person or all or substantially all of the assets that constitute a business or division of any Person, then the Earn-Out Gross Profits shall be calculated without giving effect to the results of operations attributable to such acquisition.

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(ii) If, prior to the end of the Purchaser's fiscal year ending July 31, 2007, the Purchaser, directly or indirectly, disposes to any Person or Persons (by way of sale, transfer, lease, exchange or other similar transaction), other than in the Ordinary Course of Business, in one transaction or series of related transactions, all or substantially all of the capital stock or other equity interests of any of its Subsidiaries or all or substantially all of the assets that constitute a business or division of the Purchaser, then the Earn-Out Gross Profits Targets shall be adjusted by multiplying the same by a fraction, (A) the numerator of which is equal to (x) the gross profits earned by the Purchaser and its Subsidiaries for the twelve months prior to the month in which such transfer is consummated minus (y) the gross profits attributable to such Subsidiaries or assets for the twelve months prior to the month in which such transfer is consummated, and (B) the denominator of which is equal to the gross profits earned by the Purchaser and its Subsidiaries for the twelve months prior to the month in which such transfer is consummated. With respect to the foregoing, gross profits shall be calculated in accordance with the accounting principles, methods and practices utilized in preparing the financial statements of the Purchaser and its Subsidiaries applied on a consistent basis in conformity with GAAP.

(iii) If, prior to the end of the Purchaser's fiscal year ending July 31, 2007, the Purchaser, directly or indirectly, other than in the Ordinary Course of Business, (A) makes an acquisition (by way of merger, consolidation, purchase of assets, capital stock or other equity interests or other similar transaction) of any capital stock or other equity interests of any Person or any assets that constitute a substantial portion of a business or division of any Person that would not trigger the adjustment in clause (i) above, or (B) makes a disposition (by way of sale, transfer, lease, exchange or similar transaction) of any capital stock or other equity interests of any of its Subsidiaries or any of its assets that constitute a substantial portion of a business or division of the Purchaser, that would not trigger the adjustment in clause (ii) above, but in either case would reasonably be expected to result in a reduction in the Earn-Out Gross Profits projected as of such time by more than 10% the Purchaser and the Sellers shall negotiate in good faith and agree to any equitable modifications that should be made to the terms of this Section 1.6.

1.7 Pledged Shares to the College. The Parties acknowledge that 12,118 ActiveLight Shares were pledged (the "Pledged Shares") by Myers to the College pursuant to a Memorandum of Understanding dated May 26, 2005, the Pledge Agreement dated as of February 8, 2006, between Myers and the College and the Pledge Agreement dated as of February 15, 2006 (collectively, the "Pledge"). Pursuant to the Pledge, the College had, in the event of a stock sale of ActiveLight, the right to call the Pledged Shares and receive share certificates representing the Pledged Shares. As set forth in the notice delivered prior to the date hereof by the College to Myers and the Purchaser in the form set forth on Exhibit F, the College has exercised such call right. Accordingly, the Parties and the College agree that the following provisions will be effective:

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(a) At the Closing, the College shall tender duly endorsed certificates representing all of the Pledged Shares in accordance with Section 1.4(a)(i);

(b) At the Closing, the Purchaser shall pay to the College the portion of the Purchase Price attributable to the Pledged Shares in accordance with the provisions of Sections 1.4 and 1.6;

(c) In accordance with the provisions of Section 1.5(e), the College shall be entitled to receive any payment under Section 1.5(e) in favor of the Sellers attributable to the Pledged Shares, but Myers shall be liable for any payment under Section 1.5(e) in favor of the Purchaser attributable to the Pledged Shares;

(d) Except for the specific purposes stated in this Article I and Article X, the College is not a Party to this Agreement and has no liability to the Purchaser for the representations, warranties, covenants or agreements in this Agreement or in respect of the Pledged Shares;

(e) Myers makes all representations, warranties, covenants and agreements in this Agreement in respect of the Pledged Shares on behalf of the College without caveat as if the College were not a Party to this Agreement;

(f) The Parties and the College agree that, upon delivery to the Purchaser of all of the Pledged Shares at the Closing free and clear of all Liens, the Purchaser shall not be entitled to look to the College for any Losses (as defined in Section 9.2) in respect of the Pledged Shares, but shall be entitled to look to Myers for any such Losses;

(g) Myers agrees to indemnify, defend, hold harmless, pay and reimburse the Purchaser Indemnified Parties from and against all claims by the College against the Purchaser based upon, arising from or relating to the Pledged Shares other than a joint claim by the College and the Sellers for the failure to pay the Purchase Price in accordance with the terms hereof; and

(h) The Parties and the College agree that the College shall not be entitled to seek any legal or equitable remedies or relief against the Purchaser Indemnified Parties in respect of the Pledged Shares other than a claim of the type described in Section 1.7(g) for damages in an amount not to exceed the portion of the Purchase Price attributable to the Pledged Shares, provided that Myers may assert all such claims in place of the College and in its behalf as if he were the seller of the Pledged Shares.

1.8 Tax Refund. ActiveLight shall forward to the Sellers the full amount of the federal tax refund attributable to any overpayment made by ActiveLight with respect to the taxable year ended March 31, 2005, within ten Business Days after receipt, and allocated between the Sellers in accordance with Schedule 1.4(b) or as otherwise jointly directed in writing by Sellers, and the amounts allocated to each Seller

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shall be paid by wire transfer of immediately available funds to the account or accounts designated by the Sellers, as the case may be.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE SELLERS AS TO THE COMPANIES

Each of the Sellers severally, to the extent of their Pro Rata Percentages, represents and warrants to the Purchaser, subject to the Schedules referenced in this Article II (provided, that any information disclosed in such Schedules under any section number shall be deemed to be disclosed and incorporated into any other section number under this Agreement to the extent that it is reasonably evident from the content of such disclosure that it is applicable to another section number under this Agreement) as follows:

2.1 Organization, Standing and Corporate Power. Each of the Companies is a corporation duly organized and validly existing under the laws of the State of Washington, and has full corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now being and previously conducted.

2.2 Subsidiaries. None of the Companies, directly or indirectly, owns or has any investment in, any of the capital stock of, or any other ownership interest in, any Person.

2.3 Qualification. Each of the Companies is duly qualified, licensed or otherwise authorized to transact business and is in good standing in each jurisdiction set forth on Schedule 2.3, which are the only jurisdictions in which its ownership, lease or operation of property or assets or the conduct of its business requires such qualification, licensing or authorization, except where the failure so to qualify or be licensed or authorized could not reasonably be expected to have a Material Adverse Effect.

2.4 Capitalization.

(a) The authorized capital stock of ActiveLight consists of (i) 10,000,000 shares of common stock, no par value (the "ActiveLight Common Stock"), of which (A) 111,765 shares of ActiveLight Common Stock are issued and outstanding and (B) no shares of ActiveLight Common Stock are held by ActiveLight as treasury stock and (ii) 1,000,000 shares of preferred stock (the "ActiveLight Preferred Stock"), none of which are issued or outstanding. The authorized capital stock of CineLight consists of 100,000 shares of common stock, no par value (the "CineLight Common Stock" and together with the ActiveLight Common Stock and the ActiveLight Preferred Stock, the "Stock"), of which (A) 2,000 shares of CineLight Common Stock are issued and outstanding and (B) no shares of CineLight Common Stock are held by CineLight as treasury stock. Except as set forth above, no shares of capital stock or other

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voting securities of any of the Companies are issued, reserved for issuance or outstanding. Schedule 2.4(a) sets forth a true and complete list of each holder of shares of Stock (including any trust or escrow agent arrangement created in connection with any employee stock option plan) and, opposite the name of each such holder, the amount of all outstanding shares of Stock owned by such holder. All of the outstanding shares of Stock are and will be on the Closing Date owned by the Sellers (or the College, in respect of the Pledged Shares), in the respective amounts set forth on Schedule 2.4(a), free and clear of any Liens, except for the Pledge on the Pledged Shares, which shall be discharged in full prior to or contemporaneously with the Closing as set forth in Section 1.7. All of the issued and outstanding shares of Stock are duly authorized, validly issued, fully paid and non-assessable, were issued in compliance with the registration and qualification requirements of all applicable federal, state and foreign securities Laws and all applicable Contracts and such issuance did not give rise to preemptive rights that were not duly honored. There are no bonds, debentures, notes or other indebtedness of any of the Companies having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of the Company are required to vote.

(b) Schedule 2.4(b) sets forth a true and complete list of the holders of any security or obligation which by its terms is convertible into or exchangeable for, or any option, warrant, call or preemptive, subscription or purchase right of any kind to purchase or otherwise acquire, any shares of the capital stock of, or any other ownership interests in, each Company and, opposite the name of each such holder, the amount of all such securities, obligation, options, warrants, calls or preemptive, subscription or purchase rights owned by such holder and the number of shares of such capital stock or other ownership interests into or for which such securities or obligations are convertible or exchangeable or that may be purchased or otherwise acquired under such options, warrants, calls or preemptive, subscription or purchase rights. Except as set forth on Schedule 2.4(b), and for the call right held by the College with respect to the Pledged Shares, which shall be exercised or otherwise terminated in full prior to the Closing as set forth in Section 1.7, (i) there is neither any security or obligation which by its terms is convertible into or exchangeable for, nor any option, warrant, call or preemptive, subscription or purchase right of any kind outstanding to purchase or otherwise acquire, any shares of the capital stock of, or any other securities of or ownership interests in, any of the Companies, and (ii) there are no commitments, contracts, agreements, arrangements or understandings by any of the Companies or any of the Sellers to issue, transfer, grant or sell any shares of the capital stock of, or any other securities of or ownership interests in, any of the Companies, or any security or obligation which by its terms is convertible into or exchangeable for, or any option, warrant, call or preemptive, subscription or purchase right of any kind to purchase or otherwise acquire, any shares of the capital stock of, or any other securities of or ownership interests in, any of the Companies.

2.5 Charter Documents; Books and Records. The Sellers have delivered or caused to be delivered to the Purchaser true and complete copies of the Articles of Incorporation, certified by the Secretary of State, and By-laws, certified by the respective corporation's secretary or an assistant secretary (or comparable organizational

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instruments, certified by comparable public officials and officers) of each the Companies. None of the Companies is in violation of any provision of its Articles of Incorporation or By-laws (or comparable organizational instruments). The minute books (or comparable records) of each of the Companies have been made available to the Purchaser for its inspection and contain true and materially complete records of all meetings and consents in lieu of meetings of the Board of Directors (or comparable governing body) and any committee thereof and shareholders (or comparable constituents) of each of the Companies since the time of such Company's organization, as the case may be, and accurately reflect all transactions and actions referred to in such minutes and consents in lieu of meetings, and no meeting (or consent in lieu thereof) of any such Board of Directors, committee or shareholders (or comparable governing body or constituency) has been held (or taken) for which minutes (or comparable notes) have not been prepared and are not contained in such minute books (or comparable records). The stock books (or comparable records) of each of the Companies have been made available to the Purchaser for its inspection and are true and complete. The books of account of each of the Companies have been made available to the Purchaser for its inspection and are true and complete and have been maintained in accordance with sound business practices and the requirements of any applicable laws. At the Closing, all of the books and records of or relating to any of the Companies will be in the possession of one or more of the Companies, except for copies thereof retained by the Sellers or their attorneys.

2.6 Financial Statements.

(a) The Sellers have delivered or caused to be delivered to the Purchaser true and complete copies of the audited balance sheets of ActiveLight as at March 31, 2003, 2004 and 2005 and the related statements of income, shareholders' equity and cash flow for each of the fiscal years then ended, including the accompanying notes, which contain the unqualified reports of Moss Adams LLP, independent certified public accountants (collectively, the "ActiveLight Audited Financial Statements"), and the unaudited balance sheet of ActiveLight as at October 31, 2005 and the related statement of income, shareholders' equity and cash flow for the seven months then ended, including the accompanying notes (collectively, the "ActiveLight Interim Financial Statements" and, together with the ActiveLight Audited Financial Statements, the "ActiveLight Financial Statements"). The audited balance sheet of ActiveLight as at March 31, 2005 is sometimes called the "ActiveLight Balance Sheet" and March 31, 2005 is sometimes called the "ActiveLight Balance Sheet Date." The ActiveLight Audited Financial Statements have been prepared in accordance with GAAP consistently applied for the periods that they cover, and fairly present the financial condition of ActiveLight as at the respective dates and the results of operations, shareholders' equity and cash flow of ActiveLight for such respective periods. The ActiveLight Interim Financial Statements have been prepared in conformity with GAAP applied on a basis consistent with that of the ActiveLight Audited Financial Statements (subject to normal recurring year-end adjustments, the effect of which could not, individually or in the aggregate, reasonably be expected to be material to ActiveLight), and fairly present the financial condition of ActiveLight as at the respective dates and the results of operations, shareholders' equity and cash flow of ActiveLight for such respective periods.

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(b) The Sellers have delivered or caused to be delivered to the Purchaser true and complete copies of the reviewed balance sheets of CineLight as at December 31, 2002, 2003 and 2004 and the related statements of income, shareholders' equity and cash flow for each of the fiscal years then ended, including the accompanying notes, which contain the unqualified reports of Moss Adams LLP, independent certified public accountants (collectively, the "CineLight Reviewed Financial Statements" and together with the ActiveLight Audited Financial Statements, the "Audited-Reviewed Financial Statements"), and the unaudited balance sheet of CineLight as at October 31, 2005 and the related statement of income, shareholders' equity and cash flow for the ten months then ended, including the accompanying notes (collectively, the "CineLight Interim Financial Statements", together with the CineLight Reviewed Financial Statements, the "CineLight Financial Statements" and together with the ActiveLight Financial Statements, the "Financial Statements"). The reviewed balance sheet of CineLight as at December 31, 2004 is sometimes called the "CineLight Balance Sheet" and December 31, 2004 is sometimes called the "CineLight Balance Sheet Date." The CineLight Reviewed Financial Statements have been prepared in accordance with GAAP consistently applied for the periods that they cover, and fairly present the financial condition of CineLight as at the respective dates and the results of operations, shareholders' equity and cash flow of CineLight for such respective periods. The CineLight Interim Financial Statements have been prepared in conformity with GAAP applied on a basis consistent with that of the CineLight Reviewed Financial Statements (subject to normal recurring year-end adjustments, the effect of which could not, individually or in the aggregate, reasonably be expected to be material to CineLight), and fairly present the financial condition of CineLight as at the respective dates and the results of operations, shareholders' equity and cash flow of CineLight for such respective periods.

2.7 No Material Adverse Effect; Absence of Certain Changes or Events.

(a) Since the ActiveLight Balance Sheet Date, in the case of ActiveLight, and the CineLight Balance Sheet Date, in the case of CineLight, (i) there has been no Material Adverse Effect and, to the Knowledge of the Sellers, no Material Adverse Effect is threatened, (ii) there has been no material revaluation of any assets of any Company, including writing down the value of capitalized inventory or writing off notes and accounts receivable or any material sale of assets of any Company other than in the Ordinary Course of Business or as set forth in the Pre-Closing Adjustments Schedule attached as Schedule 2.7(a)(ii) and (iii) there has been no material damage, destruction or loss (whether or not covered by insurance) with respect to any material assets of any Company.

(b) Except as specifically contemplated or permitted by this Agreement or as set forth on the Pre-Closing Adjustments attached as Schedule 2.7(a)(ii) or Schedule 2.7(b), since October 31, 2005, each Company has conducted its business only in the Ordinary Course of Business and, without limiting the generality of the foregoing, none of the Companies, directly or indirectly, has taken any of the following actions:

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(i) declared or paid any dividends or declared or made any other distributions of any kind to its shareholders, or made any direct or indirect redemption, retirement, purchase or other acquisition of any shares of its capital stock;

(ii) issued or sold any shares of its capital stock or any other ownership interests or any security or obligation which by its terms is convertible into or exchangeable for, or any option, warrant, call or preemptive, subscription or purchase right of any kind to purchase or otherwise acquire, any shares of its capital stock or any other securities or ownership interests;

(iii) except for inventory in the Ordinary Course of Business and on arm's-length terms (including as to sale price), sold, leased, abandoned or made any other disposition of any of its properties or assets or granted or otherwise caused the creation of any Lien on any of its properties or assets;

(iv) made any acquisition of all or any part of the properties, assets, capital stock or other ownership interests or business of any other Person;

(v) incurred any commitment to acquire a capital asset or otherwise made a capital expenditure involving more than $10,000 in the aggregate;

(vi) except for short-term bank borrowings under any bank credit arrangement outstanding on the date hereof in the Ordinary Course of Business, incurred any Indebtedness;

(vii) guarantied the payment or performance of the obligations of any other Person;

(viii) acquired, sold, leased, licensed, transferred, pledged, encumbered, granted or disposed of (whether by merger, consolidation, purchase, sale or otherwise) any Company Intellectual Property, or entered into any material commitment or transaction with respect to any Company Intellectual Property outside the Ordinary Course of Business, or done any act or knowingly omitted to do any act whereby any material Company Intellectual Property may become invalidated, abandoned, unmaintained, unenforceable or dedicated to the public domain;

(ix) made any change in its accounting methods or practices or made any change in depreciation or amortization policies or rates adopted by it;

(x) made any change in its procedures regarding the collection of its accounts receivable or the payment of its accounts payable or

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otherwise collected its accounts receivable or paid its accounts payable other than when due or in the Ordinary Course of Business;

(xi) paid any of its Liabilities before the same become due in accordance with its terms, other than in the Ordinary Course of Business or to make any prepayments on any Indebtedness of the Companies;

(xii) cancelled or waived any claim or right with a value to any of the Companies in excess of $25,000;

(xiii) adopted, amended, terminated, supplemented or otherwise modified, or increased any payments to or benefits under, any profit sharing, bonus, deferred compensation, savings, insurance, pension, retirement or other employee benefit plan, program or policy covering any of its officers, directors, employees, consultants or independent contractors, except as required to comply with applicable law or to maintain the tax-favored status of such plan, program or policy;

(xiv) made any loan or advance to any of its shareholders, officers, directors, employees, consultants, agents or other representatives (other than travel advances made in the Ordinary Course of Business), or made any other loan or advance;

(xv) made any change in any of its business policies, including advertising, investment, pricing, purchasing, production, personnel, sales, returns, budget or product acquisition policies, other than in the Ordinary Course of Business;

(xvi) increased any bonus, salary, fringe benefits or other compensation to any current or former director or employee of any of the Companies, grant any separation or severance pay to any employee of any of the Companies or enter into any employment, severance, termination agreement or similar agreement with any employee of any of the Companies or any collective bargaining agreement;

(xvii) amended its Articles of Incorporation or By-laws (or comparable organizational instruments) or merged with or into or consolidated with any other Person, subdivide or in any way reclassified any shares of its capital stock or any of its other ownership interests or change or agreed to change in any manner the rights of its outstanding capital stock or any of its other ownership interests or the character of its business;

(xviii) engaged in any other material transaction other than in the Ordinary Course of Business; or

(xix) agreed, whether in writing or otherwise, to do any of the foregoing.

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2.8 Taxes. Except as set forth on Schedule 2.8:

(a) all Tax Returns required to be filed by or with respect to each of the Companies have been properly prepared and timely filed, and all such Tax Returns (including information provided with or with respect to such Tax Returns) are true, complete and correct in all material respects;

(b) each of the Companies has fully and timely paid all Taxes that it owes (whether or not shown on any Tax Return), and has made adequate provision for any Taxes that are not yet due and payable, for all Taxable periods, or portions of any Taxable periods, ending on or before the date of this Agreement;

(c) the Sellers have delivered or caused to be delivered to the Purchaser true and complete copies of all Tax Returns, examination reports and statements of deficiencies for Taxable periods, or transactions consummated, of each of the Companies for which the applicable statutory periods of limitations have not expired;

(d) there are no outstanding agreements extending or waiving the statutory period of limitations currently in effect applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from any Company for any Taxable period and no request for any such waiver or extension is currently pending;

(e) no audit or other proceeding by any Governmental Authority is pending or, to the Knowledge of the Sellers, threatened in writing with respect to any Taxes due from or with respect to any Company, no Governmental Authority has given notice in writing of any intention to assert any deficiency or claim for additional Taxes against any Company, and no claim has been made in writing by any Governmental Authority in a jurisdiction where none of the Companies files Tax Returns that any Company is or may be subject to Taxation by that jurisdiction, and all deficiencies for Taxes asserted or assessed against any Company have been fully and timely paid, settled or properly reflected in the Audited-Reviewed Financial Statements;

(f) there are no Liens for Taxes upon the assets or properties of any Company, except for statutory Liens for current Taxes not yet due;

(g) none of the Companies has taken any reporting position on a Tax Return, which reporting position (i) if not sustained would be reasonably likely, absent disclosure, to give rise to a penalty for substantial understatement of federal income tax under section 6662 of the Code (or any similar provision of state, local or foreign Tax Law), and (ii) has not adequately been disclosed on such Tax Return in accordance with section 6662(d)(2)(B) of the Code (or any similar provision of state, local or foreign Tax Law);

(h) none of the Companies is a party to any agreement relating to the sharing, allocation or indemnification of Taxes, or any similar agreement, contract or arrangement (collectively, "Tax Sharing Agreements"), or has any Liability for

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Taxes of any Person (other than members of the affiliated group, within the meaning of section 1504(a) of the Code, filing consolidated federal income tax returns of which the Company is the common parent) under Treasury Regulation § 1.1502-6, Treasury Regulation § 1.1502-78 or similar provision of state, local or foreign Tax Law, as a transferee or successor;

(i) each of the Companies has withheld (or will withhold) from its present or former employees, independent contractors, creditors, shareholders and third parties, including with respect to any stock options granted to, loans made to or promissory notes given by any present or former employee of any of the Companies, and timely paid to the appropriate Taxing authority proper and accurate amounts in all respects for all periods ending on or before the Closing Date in compliance with all Tax withholding and remitting provisions of applicable Laws and have each complied in all respects with all Tax information reporting provisions of all applicable Laws;

(j) none of the Companies has constituted a "distributing corporation" or a "controlled corporation" (within the meaning of section 355(a)(1)(A) of the Code) in a distribution of shares qualifying for Tax-free treatment under section 355 of the Code (i) in the two years prior to the date of this Agreement or (ii) in a distribution that could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of section 355(e) of the Code) in conjunction with the Contemplated Transactions;

(k) none of the Companies has agreed, or is required to make, any adjustment under section 481(a) of the Code, and no Governmental Authority has proposed any such adjustment or change in accounting method;

(l) any adjustment of Taxes of each Company made by the Internal Revenue Service (the "IRS"), which adjustment is required to be reported to the appropriate state, local, or foreign Taxing authorities, has been so reported;

(m) none of the Companies has executed or entered into a closing agreement pursuant to section 7121 of the Code or any similar provision of state, local or foreign Tax Law, and none of the Companies is subject to any private letter ruling of the IRS or comparable ruling of any other Taxing authority; and

(n) CineLight has been a validly electing S corporation (an "S-Corporation") within the meaning of sections 1361 and 1362 of the Code (and under any similar provision of state, local or foreign Tax Law) at all times during its existence and CineLight will be an S Corporation through the taxable year that ends as a result of the Closing.

2.9 Compliance with Laws and Orders. Each of the Companies is, and at all times since January 1, 2003 has been, in compliance, in all material respects, with each judgment, injunction, award, decision, decree, ruling, verdict, writ or order of any nature (collectively, "Orders"), and each law, statute, constitution, treaty, code, ordinance or regulation (collectively, "Laws") (including Orders or Laws that materially

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affect the use, occupancy and operation of any real property assets of any of the Companies), of any government or political subdivision thereof, whether federal, state, local or foreign, or any agency or instrumentality of any such government or political subdivision, or of any arbitrator, tribunal or court of competent jurisdiction (collectively, "Governmental Authorities"), that is, was or may be applicable to the Companies or the conduct or operation of their respective businesses or the ownership or use of any of their respective properties or assets or any of their respective securities. To the Knowledge of the Sellers, no event has occurred or condition or set of circumstances exists that (with or without notice or lapse of time or both), directly or indirectly, (i) will contravene, conflict with or result in a violation by each Company of, or constitute a failure on the part of any Company to comply with, in any material respect, any Law or Order that is or was applicable to any Company or the conduct or operation of their respective businesses or the ownership or use of any of their respective properties or assets or any of their respective securities, or (ii) will give rise to any obligation on the part of any Company to undertake, or to bear all or any portion of the cost of, any material remedial action of any nature. None of the Companies, nor any of the Sellers has received, at any time since January 1, 2003 any notice or other communication (whether oral or written) from any Governmental Authority or any other Person regarding (i) any actual, alleged, possible or potential violation of, or failure to comply with, in any material respect, any Law or Order that is, was or may be applicable to any Company or the conduct or operation of their respective businesses or the ownership or use of any of their respective properties or assets or any of their respective securities, or (ii) any actual, alleged, possible or potential obligation on the part of any Company to undertake, or to bear all or any portion of the cost of, any material remedial action of any nature.

2.10 Permits. Schedule 2.10 sets forth a true and complete list of each license, permit, exemption, consent, waiver, authorization, right, certificate of occupancy, order or approval issued, granted, given or otherwise made available by or under the authority of, or registration with, any Governmental Authority or pursuant to any Law (collectively, "Permits") that is held by any Company or that otherwise relates to the business of, or any of the properties or assets owned or used by, any Company, which Permits collectively constitute all of the material Permits necessary to permit each of the Companies to lawfully conduct and operate its business in the manner in which such business is currently conducted and to own and use its properties and assets in which such properties and assets are currently owned and used. Each such Permit is valid and in full force and effect, and (a) each Company is, and has been, in compliance in all material respects with all of the terms and requirements of each such Permit, (b) to the Knowledge of the Sellers, no event has occurred or condition or set of circumstances exists that (with or without notice or lapse of time or both), directly or indirectly, (i) will contravene, conflict with or result in a violation by any Company of, or constitute a failure on the part of any Company to comply with, in any material respect, any term or requirement of any such Permit, or (ii) will give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify, any such Permit, (c) none of the Companies or any of the Sellers has received any notice or other communication (whether oral or written) from any Governmental Authority or any other Person regarding (i) any actual, alleged, possible or potential violation of, or failure to comply with, in any

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material respect, any term or requirement of any such Permit, or (ii) any actual, proposed, possible or potential revocation, withdrawal, suspension, cancellation or termination of, or any modification to, any such Permit, and (d) all applications required to have been filed for the renewal of any such Permit have been duly filed on a timely basis with the appropriate Governmental Authorities, and all other filings required to have been made with respect to such Permits have been duly made on a timely basis with the appropriate Governmental Authorities.

2.11 No Contravention; Required Filings and Consents.

(a) Assuming that all of the consents, approvals, authorizations, waivers, Orders, Permits, registrations, declarations, filings, notifications and other actions or obligations set forth on Schedule 2.11(b) (collectively, the "Company Required Consents") have been obtained or made or complied with, the execution and delivery by each of the Sellers of this Agreement does not, and the execution and delivery by each of the Sellers of each of the other Transaction Documents to which such Seller is a party, the performance by each of the Sellers of this Agreement and each of the other Transaction Documents to which such Seller is a party and the consummation of the Contemplated Transactions will not, directly or indirectly (with or without notice or lapse of time or both):

(i) contravene, conflict with or result in a violation of the Articles of Incorporation or Bylaws (or comparable organizational instruments) of any of the Companies;

(ii) with respect to any contract, agreement, undertaking, indenture, note, bond, loan, instrument, lease (including the Real Property Leases), conditional sale contract, mortgage, deed of trust, license, franchise, permit, concession, commitment or other legally binding arrangement, whether oral or written (collectively, "Contracts"), to which any of the Companies is a party or under which any of the Companies has or may acquire any rights or has or may become subject to any obligation or Liability or by or to which any of the Company or any of its properties or assets, owned or used, is or may be bound or subject, (A) contravene, conflict with or result in a violation or breach of, or constitute a default under, in any material respect, any such Contract, (B) give any Person the right to declare a material default or exercise any material remedy under any such Contract, (C) give any Person the right of consent, termination, amendment, modification, purchase, cancellation or acceleration of any material obligation under any such Contract, or (D) result in the loss of any material property, rights or benefits under, or result in the imposition of any additional material obligations under, any such Contract;

(iii) contravene, conflict with or result in a violation of, or constitute a failure to comply with, or give any Governmental Authority or other Person the right to challenge the execution, delivery or performance of this Agreement, or any of the other Transaction Documents or the consummation of the Contemplated Transactions or to exercise any remedy or obtain any relief

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under, in any material respect, any Law or Order that is or may be applicable to any of the Companies or the conduct or operation of their respective businesses or the ownership or use of any of their respective properties or assets or any of their respective securities;

(iv) contravene, conflict with or result in a violation of, or constitute a failure to comply with, any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify, any material Permit (including any Safety and Environmental Permit) that is held by any of the Companies or that otherwise relates to the business of, or any of the properties or assets owned or used by, any Company; or

(v) result in the imposition or creation of any Lien upon or with respect to any of the material properties or assets owned or used by any Company.

(b) Except as set forth on Schedule 2.11(b), the execution and delivery by each of the Sellers of this Agreement does not, and the execution and delivery by each of the Sellers of each of the other Transaction Documents to which such Seller is a party, the performance by each of the Sellers of this Agreement and each of the other Transaction Documents to which such Seller is a party and the consummation of the Contemplated Transactions will not, require any of the Companies to obtain any consent, approval, authorization, waiver, Order or Permit of, or make any registration, declaration or filing with or notification to, or take any other action or satisfy any other obligation with respect to, any Governmental Authority or any other Person, whether prior to or following such consummation.

2.12 Environmental Matters.

(a) Each of the Companies has obtained all material Permits that are required to be obtained under all applicable Safety and Environmental Laws in connection with the operation of the business of such Company, all such Permits are in full force and effect, and each of the Companies is in compliance in all material respects with all terms and conditions of such required Permits.

(b) Each of the Companies is and has been in compliance in all material respects with all applicable Safety and Environmental Laws.

(c) None of the Companies has entered into any Contract with any Governmental Authority or any other Person by which such Company has assumed responsibility, either directly or as a guarantor or surety, for any Claims or liabilities pursuant to Safety and Environmental Laws.

(d) To the Knowledge of the Sellers, no event has occurred or condition exists that has resulted in or would reasonably be expected to result in, in any material respect, noncompliance with or Losses under Safety and Environmental Laws.

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2.13 Claims and Proceedings. Except as set forth in Schedule 2.13, there are no Claims pending or, to the Knowledge of the Sellers, threatened against any of the Companies, by or before any Governmental Authority, which, if adversely determined, would result in liability to or obligation of the Companies in excess of $50,000 individually or result in any material equitable relief against any of the Companies. There are no outstanding Orders of any Governmental Authority (a) against or involving any of the Companies or any of its respective businesses or any of their respective properties or assets, owned, leased or operated, or (b) against or involving any officer, director or, to the Knowledge of the Sellers, an agent or employee of any of the Companies that prohibits such officer, director, agent or employee from engaging in or continuing any material conduct, activity or practice relating to the business of any of the Companies.

2.14 Contracts.

(a) Schedule 2.14(a) sets forth a true and complete list of all of the following Contracts, whether written or oral, to which any Company is a party or under which any Company has or may acquire any rights or has or may become subject to any obligation or liability or by or to which any of the Companies or any of their respective properties or assets, owned or used, is or may be bound or subject (which Schedule may be updated by the Sellers prior to the Closing Date to reflect any additions or deletions thereto after the date hereof in compliance with Section 5.1(b)):

(i) Contracts, other than purchase orders or invoices, that involve the performance of services or delivery of goods, materials, supplies, equipment or other assets by any Company of an amount or value in excess of $25,000 in the aggregate;

(ii) Contracts that involve expenditures or receipts of any Company in excess of $10,000 in the aggregate;

(iii) Contracts with any current or former officer, director, shareholder, employee, consultant, agent or other representative of any Company or with any other Person in which any of the foregoing is an Affiliate;

(iv) Contracts with any Person to sell, distribute or otherwise market any of the Company Products;

(v) Contracts with any Person for the manufacture of any Company Product;

(vi) Contracts for the sale of any properties or for the grant to any Person of any option or preferential rights to purchase any properties;

(vii) Partnership or joint venture agreements and other Contracts involving a sharing of profits, losses, costs or liabilities with any other Person;

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(viii) Contracts which can be canceled without liability, premium or penalty only on 90 days' or more notice;

(ix) Contracts containing covenants of any Company not to compete in any line of business or with any Person in any geographical area or covenants of any other Person not to compete with any Company in any line of business or in any geographical area;

(x) Contracts relating to the acquisition, transfer, development, sharing or license of any Intellectual Property, including IP Licenses;

(xi) Contracts imposing any restriction on the right or ability of any Company to (A) acquire any material product or other material asset or any services from any other Person, sell any material product or other material asset to or perform any services for any other Person or transact business or deal in any other manner with any other Person, (B) develop or distribute any material technology or (C) make, have made, use or sell any current products or products under development;

(xii) Contracts relating to the acquisition by any Company of any operating business or the capital stock or other ownership interest of any other Person;

(xiii) Contracts relating to the sale by any Company of any operating business or the capital stock or other ownership interest of any other Person;

(xiv) Contracts requiring the payment to any Person of an override or similar commission or fee;

(xv) Contracts relating to Indebtedness under which any Company is the lender or the borrower;

(xvi) Contracts guarantying the performance of any other Person or guarantying any Indebtedness;

(xvii) Contracts containing obligations or Liabilities of any kind to holders of the capital stock of any Company as such (including an obligation to register any of such securities under any federal or state securities Laws);

(xviii) options or rights of first refusal for the purchase or lease of any property for an aggregate purchase price in excess of $25,000 or of any real property;

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(xix) Contracts containing indemnification of obligations of any Company other than those entered into in the Ordinary Course of Business; and

(xx) management Contracts and other similar agreements with any Person.

(b) The Sellers have delivered or caused to be delivered to the Purchaser true and complete copies of all of the Contracts set forth on Schedule 2.14(a) (including each amendment, supplement and modification) or on any other Schedule. All of the Contracts referred to in the preceding sentence are valid, subsisting, in full force and effect and binding upon one or more of the Companies, as the case may be, and, to the Knowledge of the Sellers, the other parties to such Contracts, in accordance with their terms, subject to equitable principles, and bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting the rights of creditors and other standard qualifications. Except as set forth on Schedule 2.14(b), (i) each of the Companies is in compliance, in all material respects, with all applicable terms and requirements of each such Contract, (ii) to the Knowledge of the Sellers, each other Person that is a party to any such Contract is in compliance in all material respects, with all applicable terms and requirements to such Contract, with the exception of payments that may be due or payable so long as the same are fully and accurately reflected in the receivables or payables aging schedules as maintained by the Companies and (iii) none of the Companies has given to or received from any other Person, at any time since October 31, 2005, any notice or other communication (whether oral or written) regarding any actual, alleged, possible or potential material breach of, or default under, any such Contract.

2.15 Real Estate.

(a) No Owned Real Property. None of the Companies own any real property.

(b) Leased Properties. Schedule 2.15(b) sets forth a true and complete list of all leases, subleases, licenses and other agreements (collectively, the "Real Property Leases") under which any Company uses or occupies or has the right to use or occupy, now or in the future, any real property (the land, buildings and other improvements covered by such Real Property Leases being called the "Leased Real Property"), which Schedule 2.15(b) sets forth the date of, and parties to, each Real Property Lease, each amendment, modification and supplement thereto and the commencement date and address of the Leased Real Property covered thereby. The Sellers have delivered or caused to be delivered to the Purchaser true and complete copies of all of the Real Property Leases (including all modifications, amendments and supplements). Each Real Property Lease is valid and binding and in full force and effect against one or more of the Companies, as the case may be, and, to the Knowledge of the Sellers, the other parties to such Real Property Lease, all rent and other sums and charges payable by any of the Companies as tenant thereunder are current, no notice of material default or termination under any Real Property Lease is outstanding, no termination event

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or condition or uncured material default on the part of any of the Companies or the landlord exists under any Real Property Lease, and no event has occurred and no condition exists which, with the giving of notice or the lapse of time or both, would constitute such a material default or termination event or condition. Except for the matters listed in Schedules 2.14(a) or 2.15(b), the Companies hold the leasehold estate under in each Real Property Lease free and clear of all Liens.

(c) No Space Leases. No Person, other than the Companies, has any right to the possession, use, occupancy or enjoyment of the Leased Real Property covered by such Real Property Lease or any portion thereof.

(d) Entire Premises. All of the land, buildings, structures and other improvements used by the Companies in the conduct of the business of the Companies are included in the Leased Real Property.

(e) Condemnation. The Sellers and the Companies have not received notice and have no Knowledge of any pending, threatened or contemplated condemnation proceeding affecting the Leased Real Property or any part thereof or of any sale or other disposition of the Leased Real Property or any part thereof in lieu of condemnation.

(f) Casualty. No portion of the Leased Real Property has suffered any material damage by fire or other casualty which has not heretofore been completely repaired and restored to its original condition.

2.16 Inventory. The inventories of each of the Companies are in good and merchantable condition, are suitable and usable or salable in the Ordinary Course of Business for the purposes for which intended, subject to customary allowances for damages and obsolescence recorded in accordance with GAAP as has been consistently applied, and are in amounts consistent with prior practice at this time of year. To the Knowledge of the Sellers, other than general supply issues known with respect to plasma displays in the industry, there is no adverse condition affecting the supply of materials available to any of the Companies.

2.17 Receivables. All accounts and notes receivable reflected on the Balance Sheets, and all accounts and notes receivable arising subsequent to the ActiveLight Balance Sheet Date and reflected on the Estimated Closing Statement, in the case of ActiveLight, and the CineLight Balance Sheet Date and reflected on the Estimated Closing Statement, in the case of CineLight, (a) have arisen from bona fide transactions entered into by one or more of the Companies involving the sale of inventory or the rendering of a service in the Ordinary Course of Business and (b) subject only to a reserve for bad debts shown on the applicable Balance Sheet or, with respect to accounts and notes receivable arising subsequent to the ActiveLight Balance Sheet Date or the CineLight Balance Sheet Date, as the case may be, on the accounting records of the Companies on the date of this Agreement or on the Closing Date, computed in a manner consistent with past practice and reasonably estimated to reflect the probable results of collection, have been collected or are collectible in the Ordinary Course of Business in

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the aggregate recorded amounts in accordance with their terms. There is no contest, claim or right of set-off, other than returns in the Ordinary Course of Business, under any Contract with any obligor of an accounts or notes receivable relating to the amount or validity of such accounts or notes receivable. No payor of any accounts or notes receivable reflected on the Balance Sheets or arising subsequent to the ActiveLight Balance Sheet Date or the CineLight Balance Sheet Date, as the case may be is an Affiliate of any of the Companies or any of the Sellers. Schedule 2.17 sets forth a true and complete list of all accounts or notes receivable as of October 31, 2005, which list sets forth the aging of such accounts or notes receivable.

2.18 Tangible Property. The facilities, machinery, equipment, furniture, buildings and other improvements, fixtures, vehicles, structures, any related capitalized items and other tangible property (collectively, the "Tangible Property") of each of the Companies is structurally sound and in good operating condition and repair (subject to the standard usable life of the item and to ordinary course repair and replacement in accordance with past practice) and are suitable for their intended use. The Tangible Property on an aggregate basis of each of the Companies is sufficient for the continued conduct and operation of the businesses of each of the Companies after the Closing in substantially the same manner as conducted and operated prior to the Closing. During the past three years there has not been any significant interruption of the operations of any of the Companies due to inadequate maintenance of the Tangible Property.

2.19 Intellectual Property.

(a) Except as set forth in Schedule 2.19(a), the Companies own, or otherwise have the right pursuant to a valid license, sublicense or other agreement to use, reproduce, prepare derivative works based upon, distribute, perform, display, make, have made, sell, offer to sell, import, license, sublicense and otherwise exploit (collectively, "Use") all Company Intellectual Property free and clear of all Liens.

(b) Schedule 2.19(b) sets forth a true and complete list of all registrations, issuances, filings and applications for any Intellectual Property filed by the Companies or any of their respective predecessors, specifying as to each item, as applicable (i) the nature of such item, including the title, (ii) the owner of such item, (iii) the jurisdictions in which such item is issued or registered or in which an application for issuance or registration has been filed, and (iv) the issuance, registration, or application numbers and dates with respect to such item.

(c) All of the rights of each of the Companies in the material Company Intellectual Property are valid and enforceable. Each of the Companies has taken all necessary and desirable actions to maintain and protect each material item of Company Intellectual Property owned by such Company.

(d) Except as set forth in Schedule 2.19(d), each present or past employee, officer, consultant or any other Person who developed any Company Intellectual Property has executed a valid and enforceable agreement with the applicable

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Company that conveys any and all right, title and interest in and to all Intellectual Property developed by such Person in connection with such Person's employment or contract to the applicable Company and obligates such Person to keep any Confidential Information, including Trade Secrets, of the applicable Company confidential both during and after the term of employment or contract. To the Knowledge of the Sellers, no such Person is in violation of any such agreement.

(e) To the Knowledge of the Sellers, none of the Intellectual Property, products or services owned, used, developed, provided, sold, licensed, imported or otherwise exploited by the Companies, or made for, used or sold by or licensed to the Companies by any Person, nor the conduct of the business of each Company infringes upon or otherwise violates any Intellectual Property rights of others, and to the Knowledge of the Sellers, no Person is infringing upon or otherwise violating the Intellectual Property rights of any of the Companies.

(f) Except as set forth in Schedule 2.19(f), there are no Claims pending or, to the Knowledge of the Sellers, threatened, and there is no fact, event, condition or circumstance that, directly or indirectly, may give rise to or serve as a basis for the commencement of any Claim, (i) contesting the right of any Company to Use any of such Company's products or services currently or previously Used by such Company or (ii) opposing or attempting to cancel any rights of such Company in or to any Company Intellectual Property.

(g) Schedule 2.19(g) sets forth a true and complete list and description of all material Software Used by the Companies other than Off-the-Shelf Software. All such material Software used by the Companies is fully and freely transferable to the Purchaser without any third party consents, is free from any software defect and does not contain any Self Help Mechanism or Unauthorized Code.

(h) Except as set forth in Schedule 2.19(h), none of the Companies is a party to or bound by any IP License or other Contract requiring payment by any of the Companies of any royalty or license payment, including such agreements relating to Software.

(i) Copies of the published privacy policies of each of the Companies are set forth in Schedule 2.19(i) (the "Privacy Policies"). With respect to information that is governed by those policies ("Policy Info"), the Companies have not collected, received or used Policy Info in violation of the relevant Privacy Policy or, to the Knowledge of the Sellers, applicable Law. Provided that the change of control of the Companies pursuant to the Contemplated Transactions is not deemed to be a sale of personal information as contemplated by the Privacy Policies, as to which the Sellers make no representation, consummation of the Contemplated Transactions will not violate the Privacy Policies or any applicable, if still applicable, previous versions.

2.20 Title to Properties; Sufficiency of Assets. Each Company owns outright and has good, valid and marketable title to all the properties and assets (whether real, personal or mixed and whether tangible or intangible) that it purports to own,

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including all of the properties and assets reflected on the Balance Sheets and all of the properties and assets purchased or otherwise acquired by such Company since the ActiveLight Balance Sheet Date and the CineLight Balance Sheet Date, as the case may be (but not including, however, (i) personal property sold since the ActiveLight Balance Sheet Date and the CineLight Balance Sheet Date, as the case may be, in the Ordinary Course of Business and (ii) the properties and assets sold to DSG pursuant to the ActiveSource Purchase Agreement), in each case free and clear of any Lien, except for (a) mortgages or security interests specifically shown on the Balance Sheets as securing specified Liabilities, with respect to which no default (or event, condition or set of circumstances that, with or without notice or lapse of time or both, would constitute a default) exists; (b) mortgages or security interests incurred in connection with the purchase of property or assets in the Ordinary Course of Business after the ActiveLight Balance Sheet Date and the CineLight Balance Sheet Date, as the case may be, (such mortgages and security interests being limited to the property or assets so acquired), with respect to which no default (or event, condition or set of circumstances that, with or without notice or lapse of time or both, would constitute a default) exists; (c) Liens securing Taxes, assessments, governmental charges or levies, all of which are not yet due and payable or are being contested in good faith, so long as such contest does not involve any substantial danger of the sale, forfeiture or loss of any assets; and (d) Liens set forth on Schedule 2.20. Schedule 2.20 sets forth a true and complete list of all effective financing statements naming any of the Companies as debtor by (i) jurisdiction, (ii) recordation number and (iii) precise debtor name. Each of the Companies has, after giving effect to the transactions contemplated by the ActiveSource Purchase Agreement, all the assets necessary to conduct its business (other than the ActiveSource Business) in substantially the same manner as presently conducted by the Companies.

2.21 Liabilities. None of the Companies has any direct or indirect indebtedness, liability, Claim, loss, damage, deficiency, obligation or responsibility, known or unknown, fixed or unfixed, choate or inchoate, liquidated or unliquidated, secured or unsecured, accrued, absolute, contingent or otherwise ("Liabilities") except for: (a) Liabilities that are fully and adequately (i) reflected or reserved against on the Balance Sheets, (ii) described in the notes to the Financial Statements, or (iii) insured against; (b) obligations under the Contracts listed in Schedule 2.14(a) that would not be required to be reflected in financial statements prepared in accordance with GAAP, other than any such obligations that may arise from breaches or violations of, or defaults or acceleration of rights under, such Contracts, the liabilities for which are fully and accurately reflected on the payables aging schedule as maintained by the Companies; (c) current Liabilities incurred in the Ordinary Course of Business since the ActiveLight Balance Sheet Date and the CineLight Balance Sheet Date, as the case may be that, individually or in the aggregate, could not reasonably be expected to be, material to the Companies, taken as a whole; or (d) Liabilities set forth on Schedule 2.21.

2.22 Suppliers and Customers.

(a) Suppliers. Schedule 2.22(a) sets forth a true and complete list, by dollar volume paid for the twelve months ended October 31, 2005, the 10 largest

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suppliers of products for inventory and resale for each of the Companies. Except as set forth on Schedule 2.22(a), during the last twelve months, no Person set forth on Schedule 2.22(a) (i) has threatened to cancel or otherwise terminate, or to the Knowledge of the Sellers, intends to cancel or otherwise terminate, the relationship of such Person with any of the Companies or (ii) has decreased materially or threatened to decrease or limit materially or, to the Knowledge of the Sellers, intends to modify materially its relationship with any of the Companies or intends to decrease or limit materially, its services or supplies to any of the Companies or its usage or purchase of the services or products of any of the Companies. To the Knowledge of the Sellers, the acquisition of the Shares by the Purchaser and the consummation of the Contemplated Transactions will not adversely affect, in any material respect, the relationship of any of the Companies with any Person set forth on Schedule 2.22(a).

(b) Customers. Except as set forth on Schedule 2.22(b), (a) during the last twelve months no Significant Customer has threatened to cancel or otherwise terminate, or to the Knowledge of the Sellers, intends to cancel or otherwise terminate, the relationship of such Person with any of the Companies, (b) during the last twelve months no Significant Customer has decreased materially or threatened to decrease or limit materially or, to the Knowledge of the Sellers, intends to modify materially its relationship with any of the Companies or intends to decrease or limit materially, its services or supplies to any of the Companies or its usage or purchase of the services or products of any of the Companies and (c) to the Knowledge of the Sellers, the acquisition of the Shares by the Purchaser and the consummation of the Contemplated Transactions will not adversely affect, in any material respect, the relationship of any of the Companies with any Significant Customer.

2.23 Employee Benefit Plans.

(a) Schedule 2.23(a) contains a correct and complete list identifying each written or oral "employee benefit plan", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder ("ERISA"), including each "multiemployer plan" (within the meaning of Section 3(37) of ERISA) (a "Multiemployer Plan") and each multiple employer pension plan, each "employee welfare benefit plan" (as defined in Section 3(1) of ERISA, including any multiemployer or multiple employer welfare arrangement, plan or fund), and all other written or oral employee benefit plans, agreements, programs, policies, arrangements or practices, whether or not subject to ERISA, including employment agreements, severance agreements, bonus, profit sharing, stock option or other stock-related arrangements, other forms of incentive or deferred compensation, vacation benefits, insurance coverage (including, any self insured arrangements), health or medical benefits, disability benefits, workers' compensation, supplemental unemployment benefits, and post employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits) arrangements (i) that are maintained, administered or contributed to by any of the Companies or ERISA Affiliate and under which any present or former employee, director or consultant of any of the Companies has any present or future right to benefits, or (ii) pursuant to which any of the Companies has any actual or contingent liability. All such

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plans, agreements, programs and arrangements are referred to collectively herein as the "Plans".

(b) Current, accurate and complete copies of the Plans and all amendments thereto and written interpretations thereof have been furnished to the Purchaser, and the Sellers or the Companies have furnished to the Purchaser, with respect to each Plan, to the extent applicable: (i) any related trust agreement or other funding instrument; (ii) the most recent IRS determination letter; (iii) the most recent summary plan description, summary of material modifications and any other written communication (or a description of any oral communications) by any the Companies to its employees concerning the extent of the benefits provided under a Plan; (iv) to the extent applicable, the most recent (A) annual reports on Form 5500 and attached schedules, (B) audited financial statements, and (C) actuarial valuation reports; and (v) for the last three years, all correspondence with the IRS, the U.S. Department of Labor ("DOL"), the Pension Benefit Guaranty Corporation (the "PBGC") and any other governmental authority regarding the operation or the administration of any Plan.

(c) For purposes of this Section 2.23, "ERISA Affiliate" of any Person means any other Person which, together with such Person, would be treated as a single employer under Section 414 of the Code.

(d) Except as set forth in Schedule 2.23(d), (i) each Plan that is intended to be qualified under Section 401(a) of the Code (a "Qualified Plan") has received a favorable determination letter from the IRS to the effect that the Plan satisfies the requirements of Section 401(a) of the Code and that its related trust is exempt from taxation under Section 501(a) of the Code, or has pending or has time remaining in which to file an application for such determination from the IRS, and, to the Knowledge of the Sellers, nothing has occurred, whether by action or failure to act, that could reasonably be expected to cause the loss of such qualification; (ii) each Plan has been established, administered and maintained in material compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations, including but not limited to ERISA and the Code; (iii) with respect to each Plan, all reports, returns, notices and other documentation that are required to have been filed with or furnished to the IRS, the DOL, the PBGC, the SEC or any other governmental authority, or to the participants or beneficiaries of such Plan have been filed or furnished on a timely basis; (iv) with respect to each Plan, other than routine claims for benefits, no liens, lawsuits or complaints to or by any person or governmental authority have been filed or made against such Plan or any of the Companies or, to the Knowledge of the Sellers, against any other person or party and, to the Knowledge of the Sellers, no such liens, lawsuits or complaints are contemplated or threatened in writing; (v) no individual who has performed services for any of the Companies has been improperly excluded from participation in any Plan; (vi) there are no audits or proceedings initiated pursuant to the Employee Plans Compliance Resolution System or similar proceedings pending with the IRS or DOL with respect to any Plan; (vii) to the Knowledge of the Sellers, no event has occurred and no condition exists that would subject any of the Companies, either directly or by reason of their affiliation with any ERISA Affiliate, to any tax, fine, lien, penalty or other liability imposed by ERISA, the Code or other applicable laws, rules and

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regulations; and (viii) to the Knowledge of the Sellers, no fiduciary has any liability for breach of fiduciary duty or any other failure to act or comply with the requirements of ERISA, the Code or any other applicable laws in connection with the administration or investment of the assets of any Plan.

(e) No Plan provides, and none of the Companies has incurred any current or projected liability in respect of, post-employment or post-retirement health, medical or life insurance benefits for current, former or retired employees of any of the Companies, except as required to avoid an excise tax under Section 4980B of the Code or otherwise except as may be required pursuant to any other applicable law.

(f) None of the Companies, nor any ERISA Affiliate of any of the Companies, nor any predecessor thereof, contributes to, or has in the past contributed to, any Multiemployer Plan, multiple employer pension plan or any multiemployer or multiple employer welfare arrangement, plan or fund.

(g) None of the Companies, nor any ERISA Affiliate of any of the Companies, contributes to or has in the past six years sponsored, maintained or contributed to any defined benefit pension plan (as defined in Section 3(35) of ERISA) or is subject to Section 412 of the Code or Section 302 of ERISA.

(h) Except as disclosed on Schedule 2.23(h), neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event) (i) result in any payment becoming due, or increase the amount of any compensation due, to any current or former employee of the Company or any of its Subsidiaries; (ii) increase any benefits otherwise payable under any Plan; (iii) result in the acceleration of the time of payment or vesting of any such compensation or benefits (except due to a partial termination of a pension plan); (iv) result in the payment of any amount that could, individually or in combination with any other such payment, constitute an "excess parachute payment," as defined in Section 280G(b)(1) of the Code; or (v) result in the triggering or imposition of any restrictions or limitations on the rights of any of the Companies to amend or terminate any Plan.

(i) None of the Companies, nor, to the Knowledge of the Sellers, any ERISA Affiliate of any of the Companies, has any plan, contract or commitment, whether legally binding or not, to create any additional employee benefit or compensation plans, policies or arrangements or, except as may be required by applicable law, to modify any Plan.

(j) As of the date of this Agreement, none of the Companies has incurred any liability under the Workers' Adjustment and Retraining Notification Act (the "WARN Act") or any similar state or local law relating to plant closings, reductions in force or separation pay ("Similar WARN Laws").

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(k) Neither of the Companies has any liability with respect to any misclassification of any person as an independent contractor rather than as an employee, or with respect to any employee leased from another employer.

(l) As of the date of this Agreement, there are no outstanding compensation awards, including, without limitation stock options, providing for the grant of, or measured with respect to, any equity of any of the Companies.

(m) Except as disclosed on Schedule 2.23(m), as of the date of this Agreement, none of the Plans is self-insured or provides for payments (other than premiums) or benefits that are paid for out of the assets of the Companies by the Companies BOXLIGHT Corporation or any of their respective Affiliates.

2.24 Employee Relations. Schedule 2.24 sets forth a true and complete list as of the date of this Agreement of the number of employees of each of the Companies in the aggregate, the number of full-time employees of each of the Companies and the number of other persons regularly performing services for either of the Companies on Company premises. Except as set forth on Schedule 2.24, there are (i) no proposed or scheduled changes to any bonus, salary or other compensation to any of the Companies' full-time employees and (ii) no prospective employees that any Company plans or is scheduled to hire. There is no organized labor strike, dispute, arbitration, grievance, work slowdown or stoppage, lockout or collective bargaining or unfair labor practice claim, charge or complaint pending or, to the Knowledge of the Sellers, threatened against or affecting any of the Companies. None of the Companies is a party to or otherwise bound by a collective bargaining agreement or understanding with a labor union or labor organization, no employee of any of the Companies is a member of a collective bargaining unit and, to the Knowledge of the Sellers, there is no organizational effort involving the employees of any of the Companies. Each of the Companies (i) has complied in all material respects with all Laws relating to employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, collective bargaining, the payment of social security and similar Taxes, occupational safety and health and plant closing and (ii) is not liable for the payment of any compensation, damages, Taxes, fines, penalties or other amounts, however designated, for failure to comply with any of the foregoing Laws.

2.25 Insurance. The Sellers have delivered or caused to be delivered to the Purchaser true and complete copies of (a) all policies or binders of fire, liability, product liability, umbrella liability, real and personal property, worker's compensation, vehicular, directors and officers liability, fiduciary liability and other insurance to which any of the Companies is a party or under which any of the Companies, or any director or other fiduciary of any of the Companies is or has been covered at any time within the past two years, (b) all pending applications for such policies or binders, (c) any statement by the auditor of the financial statements of the Companies with regard to the adequacy of such Person's coverage or of the reserves for claims and (d) the loss-runs for the Companies since January 1, 2001. With respect to each such policy or binder described in clause (a) above, Schedule 2.25 sets forth (i) the identity of the insurer, (ii) a description of the type of insurance provided, (iii) the period of coverage, (iv) a

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description of each pending claim for an amount in excess of $10,000, which sets forth the name of the claimant and the amount and a brief description of the nature of such claim, (v) a summary of the loss experience through the date of this Agreement, and (vi) the aggregate limit, if any, of the insurer's liability. Such policies and binders are valid and binding against the Company in accordance with their terms, are in full force and effect. Except as set forth on Schedule 2.25, there are no outstanding unpaid claims under any such policy or binder, and none of the Companies has received (x) any refusal of coverage or any notice that a defense will be afforded with reservation of rights, or (y) any notice of cancellation or non-renewal of any such policy or binder.

2.26 Transactions with Affiliates.

(a) Schedule 2.26(a) contains a true, complete and correct list of all intercompany agreements as of March 31, 2005 (including a description of the material terms thereof) and all other material transactions between ActiveLight, on the one hand, and any of the Sellers or any of their respective Affiliates (other than ActiveLight) or immediate family members or any of the officers or directors of ActiveLight or any of their respective Affiliates or immediate family members, on the other hand, entered into since March 31, 2005. Since March 31, 2005, except as specifically contemplated by this Agreement, there have been no transactions between ActiveLight, on the one hand, and any of the Sellers, its Affiliates (other than the ActiveLight), officers or directors, on the other hand.

(b) Schedule 2.26(b) contains a true, complete and correct list of all intercompany agreements as of December 31, 2004 (including a description of the material terms thereof) and all other material transactions between CineLight, on the one hand, and any of the Sellers or any of their respective Affiliates (other than CineLight) or immediate family members or any of the officers or directors of CineLight or any of their respective Affiliates or immediate family members, on the other hand, entered into since December 31, 2004. Since December 31, 2004, except as specifically contemplated by this Agreement, there have been no transactions between CineLight, on the one hand, and any of the Sellers, its Affiliates (other than the CineLight), officers or directors, on the other hand.

(c) Except as set forth in Schedule 2.26(c), (i) no employee of any of the Companies provides services to any of the Sellers' Affiliates (other than the Companies) and (ii) no employee of any of the Sellers' Affiliates (other than the Companies) provides any services to the Companies.

2.27 Brokers or Finders. Except for Pacific Crest Securities, Inc. (the "Sellers' Broker"), no broker, finder, agent or similar intermediary has acted on behalf of any of the Companies or any of the Sellers or their respective Affiliates in connection with this Agreement or any of the other Transaction Documents or the Contemplated Transactions, and except for the fees and expenses payable to the Sellers' Broker on or prior to the Closing Date, there are no brokerage commissions, finder's fees or similar fees or commissions payable in connection therewith based on any agreement, arrangement or understanding with any of the Companies or any of the Sellers or their

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respective Affiliates, or any action taken by any of the Companies or any of the Sellers or their respective Affiliates.

2.28 Banks, Brokers and Proxies. Schedule 2.28 sets forth a true and complete list of (a) the name of each bank, trust company, securities or other broker or other financial institution with which any Company has an account, credit line or safe deposit box or vault, or otherwise maintains relations; (b) the name of each Person authorized by any of the Companies to draw on any such account or credit line or to have access to any such safe deposit box or vault; (c) the purpose of each such account, safe deposit box or vault; and (d) the names of all Persons authorized by proxies, powers of attorney or other instruments to act on behalf of any of the Companies in matters concerning its business or affairs.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF EACH SELLER

Each Seller, severally and not jointly, represents and warrants to the Purchaser as follows (it being understood that, in accordance with Section 1.7(e), in the case of Myers, all references to such Seller and the Shares in this Article III shall be deemed to also include the College and the Pledged Shares, respectively):

3.1 Title to the Shares. Such Seller (a) owns beneficially and of record, (b) has good and valid title to, free and clear of any Lien, other than the Pledge on the Pledged Shares, which shall be discharged in full in conjunction with the Closing and (c) has the unrestricted power and authority to sell, transfer and convey to the Purchaser, the Shares set forth opposite such Seller's or the College's name on Schedule 2.4(a) except as disclosed with respect to the Pledged Shares and treated as set forth in Section 1.7. Upon delivery to the Purchaser of the stock certificates representing such Shares and payment for such Shares at the Closing as provided in this Agreement, such Seller will convey to the Purchaser good and valid title to such Shares, free and clear of any Lien, other than those created by the Purchaser and any restrictions imposed by applicable securities laws.

3.2 Authority Relative to this Agreement and the other Transaction Documents. Such Seller has, as the case may be, (a) the absolute and unrestricted right, power, authority and capacity, or (b) full power and authority, to execute, deliver and perform his, her or its obligations under this Agreement, and each of the other Transaction Documents to which he is a party and to consummate the Contemplated Transactions, including the sale by such Seller of the Shares set forth opposite such Seller's name on Schedule 2.4(a).

3.3 Binding Effect. This Agreement has been, and as of the Closing Date each of the other Transaction Documents to which such Seller is a party will have been, duly executed and delivered by such Seller, and this Agreement constitutes, and as of the Closing Date each of the other such Transaction Documents will constitute, the

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legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with their respective terms.

3.4 No Contravention; Required Filings and Consents.

(a) Assuming that all of the consents, approvals, authorizations, waivers, Orders, Permits, registrations, declarations, filings, notifications and other actions or obligations set forth on Schedule 3.4(b) (collectively, the "Seller Required Consents") have been obtained or made or complied with, the execution and delivery by such Seller of this Agreement does not, and the execution and delivery by such Seller of each of the other Transaction Documents to which such Seller is a party, the performance by such Seller of this Agreement and each of the other Transaction Documents to which such Seller is a party and the consummation of the Contemplated Transactions will not, directly or indirectly (with or without notice or lapse of time or both):

(i) with respect to any Contract to which such Seller is a party or under which such Seller has or may acquire any rights or has or may become subject to any obligation or Liability or by or to which such Seller or any of its properties or assets, owned or used, is or may be bound or subject, contravene, conflict with or result in a violation or breach of, or constitute a default under, in any material respect, any such Contract;

(ii) contravene, conflict with or result in a violation of, or constitute a failure to comply with, or give any Governmental Authority or other Person the right to challenge any of the execution, delivery or performance of this Agreement or any of the other Transaction Documents or the consummation of the Contemplated Transactions or to exercise any remedy or obtain any relief under, in any material respect, any Law or Order that is or may be applicable to such Seller; or

(iii) result in the imposition or creation of any Lien upon or with respect to any of the Shares held by such Seller.

(b) Except as set forth on Schedule 3.4(b), the execution and delivery by such Seller of this Agreement does not, and the execution and delivery by such Seller of each of the other Transaction Documents to which such Seller is a party, the performance by such Seller of this Agreement and each of the other Transaction Documents to which such Seller is a party and the consummation of the Contemplated Transactions will not, require such Seller to obtain any consent, approval, authorization, waiver, Order or Permit of, or make any registration, declaration or filing with or notification to, or take any other action or satisfy any other obligation with respect to, any Governmental Authority or any other Person, whether prior to or following such consummation.

3.5 Claims and Proceedings. There are no outstanding Orders of any Governmental Authority, and there are no Claims pending, or to the Knowledge of such

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Seller, threatened, at law, in equity, in arbitration or before any Governmental Authority against or involving such Seller (a) that relates to the business of, or any of the properties or assets owned or used by any of the Companies, or (b) purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any of the Transaction Documents to which such Seller is a party or the consummation of the Contemplated Transactions, including the sale by such Seller of the Shares set forth opposite such Seller's and the College's name on Schedule 2.4(a).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Sellers as follows:

4.1 Organization; Standing and Corporate Power. The Purchaser is a corporation duly organized, validly existing and in good standing under the Laws of the State of New York, and has full corporate power and authority to own, lease and operate the properties and assets that it purports to own, lease and operate and to carry on its business as now being and as previously conducted.

4.2 Authority Relative to this Agreement and the other Transaction Documents. The Purchaser has full corporate power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party and to consummate the Contemplated Transactions. The execution, delivery and performance of this Agreement and each of the other Transaction Documents to which the Purchaser is a party and the consummation of the Contemplated Transactions have been duly authorized by all necessary corporate action, and no other corporate proceedings on the part of the Purchaser are necessary to authorize the execution, delivery and performance of this Agreement and each of the other Transaction Documents to which the Purchaser is a party and the consummation of the Contemplated Transactions.

4.3 Binding Effect. This Agreement has been, and as of the Closing Date each of the other Transaction Documents to which the Purchaser is a party will have been, duly executed and delivered by the Purchaser, and this Agreement constitutes, and as of the Closing Date each of the other such Transaction Documents will constitute, the legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms.

4.4 No Contravention; Required Filings and Consents.

(a) Assuming that all of the consents, approvals, authorizations, waivers, Orders, Permits, registrations, declarations, filings, notifications and other actions or obligations set forth on Schedule 4.4(b) (collectively, the "Purchaser Required Consents") have been obtained or made or complied with, the execution and delivery by the Purchaser of this Agreement does not, and the execution and delivery by the Purchaser of each of the other Transaction Documents to which the

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Purchaser is a party, the performance by the Purchaser of this Agreement and each of the other Transaction Documents to which the Purchaser is a party and the consummation of the Contemplated Transactions will not, directly or indirectly (with or without notice or lapse of time or both):

(i) contravene, conflict with or result in a violation of the Certificate of Incorporation or By-laws (or comparable organizational instruments) of the Purchaser;

(ii) with respect to any Contract to which the Purchaser is a party or under which the Purchaser has or may acquire any rights or has or may become subject to any obligation or Liability or by or to which the Purchaser or any of its properties or assets, owned or used, is or may be bound or subject, contravene, conflict with or result in a violation or breach of, or constitute a material default under, in any material respect, any such Contract; or

(iii) contravene, conflict with or result in a violation of, or constitute a failure to comply with, or give any Governmental Authority or other Person the right to challenge any of the execution, delivery or performance of this Agreement or any of the other Transaction Documents or the consummation of the Contemplated Transactions or to exercise any remedy or obtain any relief under, in any material respect, any Law or Order that is or may be applicable to the Purchaser or the conductor operation of the Purchaser's business or the ownership or use of any of the Purchaser's properties or assets.

(b) Except as set forth on Schedule 4.4(b), the execution and delivery by the Purchaser of this Agreement does not, and the execution and delivery by the Purchaser of each of the other Transaction Documents to which the Purchaser is a party, the performance by the Purchaser of this Agreement, each of the other Transaction Documents to which the Purchaser is a party and the consummation of the Contemplated Transactions will not, require the Purchaser to obtain any consent, approval, authorization, waiver, Order or Permit of, or make any registration, declaration or filing with or notification to, or take any other action or satisfy any other obligation with respect to, any Governmental Authority or any other Person, whether prior to or following such consummation.

4.5 Claims and Proceedings. There are no outstanding Orders of any Governmental Authority, and there are no Claims pending, or to the Knowledge of the Purchaser, threatened, at law, in equity, in arbitration or before any Governmental Authority, against or involving the Purchaser purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any of the Transaction Documents to which the Purchaser is a party or the consummation of the Contemplated Transactions.

4.6 Brokers or Finders. Except for CxCIC LLC, no broker, finder, agent or similar intermediary has acted on behalf of the Purchaser or any of its Affiliates in connection with this Agreement or any of the other Transaction Documents or the

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consummation of the Contemplated Transactions, there are no brokerage commissions, finder's fees or similar fees or commissions, and there are no expenses or other amounts, payable in connection therewith based on any agreement, arrangement or understanding with the Purchaser or any of its Affiliates, or any action taken by the Purchaser or any of its Affiliates.

4.7 Purchase for Investment. The Purchaser is purchasing the Shares for its own account for investment and not for resale or distribution.

4.8 Ability to Perform. As of the date hereof, the Purchaser has entered into an amendment to that certain Second Lien Credit Agreement, dated as of April 17, 2005, by and among the Purchaser, the lenders party thereto and D.B. Zwirn Special Opportunities Fund, L.P., as administrative agent (the "Administrative Agent"), to provide (subject to the terms and conditions set forth therein) the amount of debt financing set forth therein in connection with the transactions contemplated by this Agreement (the "Amended Second Lien Credit Agreement"). The Amended Second Lien Credit Agreement has been duly authorized and executed by the Purchaser and, to the knowledge of the Purchaser, by the counterparties thereto, and as of the date hereof, is in full force and effect. The Amended Second Lien Credit Agreement provides the Purchaser with aggregate financing in an amount sufficient to enable the Purchaser to pay the Closing Payment and pay all contemplated fees and expenses of the Purchaser related to the transactions contemplated by this Agreement.

ARTICLE V

COVENANTS AND AGREEMENTS

5.1 Post-Closing Confidentiality. Each of the Sellers agrees, and agrees to cause each of their respective Representatives, to keep confidential any and all information or documents relating to any of the Companies or the properties, assets, operations, business, prospects, results of operations or financial condition of the Companies, including Confidential Information and Trade Secrets, and shall not disclose such information or documents to any Person or use such information or documents in any manner, unless (i) such information or documents is or becomes generally available to the public other than by disclosure by such Seller or any Affiliate or Representative of such Seller, or (ii) use or disclosure of such information or documents shall be required by applicable Law or Order of any Governmental Authority, provided, that in such a case, such Seller shall give the Purchaser prompt notice of such requirement so that the Purchaser may seek a protective order or other appropriate remedy to preserve the confidentiality of such information or documents. Subject to the foregoing, each Seller shall have the right to maintain, subsequent to the Closing, copies of business records and materials in any media provided to the Purchaser by the Companies in connection with the Purchaser's examinations and investigations.

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5.2 Fees and Expenses.

(a) Each of the Parties shall, except as otherwise specifically provided in this Agreement and any of the other Transaction Documents, bear all fees and expenses incurred by such Party in connection with, relating to or arising out of the negotiation, preparation, execution, delivery and performance of this Agreement and the consummation of the transaction contemplated hereby, including financial advisors', attorneys', accountants' and other professional fees and expenses.

(b) Notwithstanding anything to the contrary set forth in this Agreement or any other Transaction Document, the Sellers shall bear all fees and expenses incurred in connection with the negotiation, preparation, execution, delivery and performance of the ActiveSource Purchase Agreement and the consummation of the transaction contemplated thereby and with obtaining or making the Company Required Consents and the Seller Required Consents, and the Purchaser shall bear all fees and expenses incurred in connection with obtaining or making the Purchaser Required Consents; provided, however, that (i) the fees and expenses of KPMG LLP arising out of or related to the Customer Due Diligence Investigation will be shared one-half (1/2) by the Purchaser and one-half (1/2) by the Sellers and (ii) the Purchaser shall reimburse the Sellers for $18,633 of the fees and expenses incurred by the Companies in connection with constructing the demising wall described in Schedule 2.7(a)(ii). For purposes of clarifying the foregoing, any of the foregoing fees and expenses incurred by any Company or any of the Sellers shall be paid by the Sellers out of the Purchase Price or the Sellers' own accounts and not otherwise charged or expensed to, or paid by, any Company.

(c) The Sellers, jointly and severally, agree to indemnify and hold harmless the Purchaser from any Claim or demand for commission or other compensation by any broker, finder, agent or similar intermediary claiming to have been employed by or on behalf of any of the Companies or any of the Sellers, including the Sellers' Broker, and to bear the cost of legal expenses incurred in defending against any such claim. The Purchaser agrees to indemnify and hold harmless the Sellers from any Claim or demand for commission or other compensation by any broker, finder, agent or similar intermediary claiming to have been employed by or on behalf of the Purchaser, including CxCIC LLC, and to bear the cost of legal expenses incurred in defending against any such claim.

5.3 Affiliate Arrangements.

(a) Except as set forth on Schedule 5.3(a)(i), prior to or simultaneously with the Closing, and in accordance with Schedule 2.7(a)(ii), all liabilities owed to the Sellers and their Affiliates (other than the Companies) by the Companies or owed to the Companies by the Sellers and their Affiliates (other than the Companies) shall in each case be settled or cancelled, such that immediately following the Closing all such liabilities shall have been extinguished. Notwithstanding anything herein to the contrary, the Sellers, their Affiliates and the Companies may enter into such Contracts and instruments as may be required to effect the transactions contemplated by

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the preceding sentence; provided, that no obligations under any such Contracts survive the Closing.

(b) Except (i) as set forth on Schedule 5.3(b) and (ii) to the extent provided in the Shared Services Agreement, all agreements between the Companies, on the one hand, and the Sellers and their Affiliates (other than the Companies), on the other hand, shall be terminated as of the Closing, and all obligations and liabilities thereunder shall thereupon be discharged and released.

(c) The Parties acknowledge that an Affiliate of Myers is the lessor under the Real Property Leases marked with an asterisk on Schedule 2.15(b) and that such Real Property Leases contain rights and obligations that are separate and distinct from the rights and obligations of the Parties under this Agreement. The Parties shall not, and shall cause their Affiliates not to, exercise any rights under this Agreement as a remedy to any Claim under Real Property Leases and shall not, and shall cause their Affiliates not to, exercise any rights under such Real Property Leases as a remedy to any Claim under this Agreement. Without limiting the generality of the foregoing, the Parties agree that none of the Parties nor any of their Affiliates shall be entitled to any abatement, reduction, set off, counterclaim, defense or deduction with respect to any rent or other sum payable by such Party or their Affiliates under this Agreement or such Real Property Leases as a remedy for any amount payable to the other Party or their Affiliates under such Real Property Leases or this Agreement, respectively.

5.4 Real Estate Transfer Taxes. All real estate transfer, sales documentary and like Taxes and charges payable in connection with the consummation of the Contemplated Transactions shall be borne by the Sellers. The Sellers agree to deliver at or within a customary and reasonable time period following the Closing any and all real property transfer Tax Returns and other similar filings required by Law in connection with the consummation of the Contemplated Transactions and relating to the Real Property, any part of or ownership interest in the Real Property, all duly and properly executed and acknowledged by the Sellers and/or any of the Companies, whichever is required. Each Seller shall also have executed such affidavits in connection with such filings as shall have been required by Law or reasonably requested by the Purchaser.

5.5 Employees and Employee Benefits.

(a) The Purchaser has provided to the Sellers a list of job positions of those employees of the Companies (the "Scheduled Employees") whom the Purchaser desires to employ (or, to the extent applicable, to have either of the Companies employ) on and after the Closing Date. With respect to any employee of any of the Companies who is not a Scheduled Employee, the Sellers (i) have caused the Companies to terminate the employment relationship between each such employee and each of the Companies, as applicable, effective on or prior to the Closing Date, and the Sellers shall retain all liabilities (other than liabilities that the Purchaser indemnifies the Sellers for in Section 9.4(d)) relating to the employment and termination of employment of all such employees, including all liabilities for amounts to which any such employee becomes

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entitled under any benefit or severance policy, plan, agreement or arrangement and all obligations in respect of vacation or personal-time-bank time that has been accrued by such employees through the Closing and (ii) have obtained from each such employee a release signed by each such employee substantially in the form of Exhibit H. Each person who, immediately prior to the Closing Date (and after giving effect to employment terminations described in the preceding sentence), is an employee (including an employee on vacation, on a regularly scheduled day off from work, on medical or short-term disability leave, temporary leave for purposes of jury or national service or military duty, or other approved leave of absence) of a Company (each, a "Continuing Employee") shall continue as an employee of such Company immediately after the Closing Date; provided, that, nothing in this Section 5.5(a) or in this Agreement shall restrict the Purchaser's or the Companies' rights to terminate the employment of any person following the Closing Date.

(b) The Purchaser and the Companies shall give Continuing Employees full credit for purposes of eligibility and vesting and benefit accrual in employee benefit plans or arrangements maintained by the Purchaser or the Companies after the Closing Date and in which such Continuing Employees participate after the Closing Date, for their service with the Companies (or with BOXLIGHT Corporation or the Companies' and BOXLIGHT Corporation's affiliates or predecessors) prior to the Closing Date, to the same extent recognized by the Companies, BOXLIGHT Corporation or their respective affiliates or predecessors prior to the Closing Date.

(c) With respect to any welfare benefit plans maintained by the Companies, the Purchaser or their respective Affiliates for the benefit of the Continuing Employees on and after the Closing Date, the Purchaser shall (i) cause there to be waived any eligibility requirements or pre-existing condition limitations to the same extent waived under comparable plans of the Companies or of any ERISA Affiliate of any of the Companies in which such Continuing Employees participated prior to the Closing Date and (ii) give effect in determining any deductible and maximum out-of-pocket limitations to amounts paid by such Continuing Employees with respect to comparable plans of the Companies or of any ERISA Affiliate of any of the Companies in which such Continuing Employees participated prior to the Closing Date.

(d) The Sellers and the Plans shall retain responsibility for and continue to pay or cause their insurance providers to pay, all medical, dental, vision, disability, accidental death and dismemberment and life insurance plan expenses and benefits for each Continuing Employee and his or her covered dependents with respect to claims incurred by such Continuing Employee prior to the first day of the month following the Closing Date and with respect to any employee of either of the Companies who is not a Continuing Employee. Expenses and benefits with respect to such claims incurred by Continuing Employees or their covered dependents on or after the first day of the month following the Closing Date shall be the responsibility of the Purchaser or the Companies as applicable. For purposes of this paragraph, a claim is deemed incurred when the services that are the subject of the claim are performed; in the case of life insurance, when the death occurs; and in the case of a hospital stay, when the employee first enters the hospital. With respect to the period from the Closing Date until the first

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day of the month following the Closing Date, the Companies agree to collect and remit to the insurance providers of any of the benefits described in the first sentence of this Section 5.5(d) any required premiums owed by the Continuing Employees. Sellers agree to take all steps necessary to (i) allow the Companies to continue, until the first day of the month following the Closing Date, as participating employers in any plans and arrangements providing for the benefits described in the first sentence of this Section 5.5(d) and/or to allow the Continuing Employees to continue to receive benefits pursuant to such plans during such period, and (ii) provide that, as of the first day of the month following the Closing Date, the Companies shall no longer be participating employers in such plans.

(e) With respect to the defined contribution plan in which Continuing Employees were eligible to participate immediately prior to the Closing (the "Seller DC Plan"), Sellers and the Companies shall have taken, prior to the date hereof, all actions necessary to allow the Companies to continue, through a date no later than December 31, 2006, as participating employers in the Seller DC Plan with respect to the Continuing Employees and any other employees of the Companies hired by the Companies after the Closing Date and on or before December 31, 2006 ("Post-Closing New Hires"). With respect to the Seller DC Plan, during the period after the Closing Date during which the Companies continue as participating employers in the plans, the Companies shall be responsible for paying and timely remitting to the trustee of the Seller DC Plan the salary deferred contributions and the employer matching contribution with respect to the accounts for Continued Employees and any Post-Closing New Hires. After the Closing Date, the Sellers and BOXLIGHT Corporation shall be responsible for the proper administration and operation of the Seller DC Plan and shall indemnify and hold the Companies and Purchaser harmless in respect thereof.

(f) Effective as of the Closing Date, the Companies and the Purchaser shall have all obligations, liabilities and commitments in respect of providing notices and making available the health care continuation coverage required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") and by Sections 601 et seq. of ERISA and Section 4980B of the Code and applicable state or similar Applicable Laws for all Continuing Employees (and their qualifying spouse or dependents) who become eligible for such coverage at any time following the first day of the month following the Closing Date. With respect to all employees of the Companies (and their qualifying spouses and dependents) who became eligible for such coverage at any time prior to the first day of the month following the Closing Date, the Sellers, BOXLIGHT Corporation or the applicable ERISA Affiliates of the Companies shall retain all obligations, liabilities and commitments in respect of such employees under COBRA, and the Sellers shall indemnify and hold the Purchaser and the Companies harmless in respect of all such obligations, liabilities and commitments.

(g) Effective on the Closing, Sellers shall cause the administrator of the Flexible Benefit Plan sponsored by BOXLIGHT Corporation (listed on Schedule 2.23(a)), to transfer and assign account balances, whether positive or negative, and any outstanding claims by Continuing Employees, to one or more "cafeteria plans", within the meaning of Section 125 of the Internal Revenue Code of 1986, as

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amended, maintained for the Continuing Employees with respect to the period after the Closing Date. For the avoidance of doubt, the transfer and assignment described in this Section 5.5(g) shall not require any transfer of cash but shall only require a record-keeping informational transfer of balances and claims.

(h) The Sellers agree to take all actions necessary to terminate, or cause ActiveLight or the board of directors of ActiveLight or any committee thereof to terminate, the ActiveLight, Inc. 2002 Stock Option Plan as of the Closing.

5.6 Advisory Council. From the Closing Date through the first anniversary thereof, Myers agrees to serve on the Purchaser's advisory council. The Purchaser agrees to reimburse Myers for any reasonable and documented out-of-pocket costs and expenses (including travel expenses) incurred by Myers to attend or participate any meetings of such advisory council.

5.7 Publicity. Each of the Parties agrees that until February 21, 2006, no press release or similar public announcement or communication to any Company's employees concerning this Agreement or any of the other Transaction Documents or the Contemplated Transactions shall be made by any Party or any of their respective Representatives without advance approval by the Sellers and the Purchaser, except as may be required to comply with applicable Law after reasonable consultation with the other Party.

ARTICLE VI

CONDITIONS PRECEDENT TO THE CLOSING

6.1 Conditions to Each Party's Obligation to Effect the Closing. The execution hereof and the Closing were subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be or have been waived by the Purchaser or the Sellers:

(a) No Injunctions or Restraints. No Governmental Authority shall have adopted, enacted or promulgated any Law, or issued, enforced or entered any temporary restraining order, preliminary or permanent injunction or other Order, which is then in effect and has the effect of prohibiting the consummation of the Contemplated Transactions.

6.2 Conditions to the Purchaser's Obligation to Effect the Closing. The obligation of the Purchaser to enter into and complete the Closing was further subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be or may have been waived by the Purchaser:

(a) Representations and Warranties. The representations and warranties of the Sellers in this Agreement that are not subject to any limitation or qualification as to materiality or Material Adverse Effect (or similar concept) shall have been true and correct in all material respects as of the date hereof and all representations

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and warranties of the Sellers in this Agreement that are subject to any such limitation or qualification shall have been true and correct in all respects as of the date hereof, except, in each case, for any such representations or warranties which were made as of a specific date, the accuracy of which shall be determined only with reference to such specific date.

(b) Performance of Obligations. The Sellers shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by them at or prior to the Closing Date.

(c) Seller's Certification. Each Seller hereby certifies that each of the conditions specified above in Sections 6.2(a) and 6.2(b) is satisfied.

(d) Required Consents of Governmental Authorities. All of the Required Consents required to be obtained from or made to any Governmental Authority shall have been obtained or made, except for such Required Consents required to be obtained or made after the Closing.

(e) Required Consents of Third Parties. All of the Company Required Consents, the Seller Required Consents and the Purchaser Required Consents (collectively, the "Required Consents") required to be obtained from or made to any Person other than a Governmental Authority that are listed on Schedule 6.2(e), shall have been obtained or made, and shall be in full force and effect, provided that such Required Consents may have been given conditionally based on the execution of this Agreement and subsequent consummation of the Contemplated Transactions. The Purchaser acknowledges that it has granted a conditional release of the Sellers from any confidentially obligations owed to the Purchaser or its Affiliates in connection with the Sellers seeking to obtain such Required Consents from third parties prior to the date hereof.

(f) Escrow Agreement. Each of the Sellers shall have executed and delivered, as of the Closing Date, the Escrow Agreement, substantially in the form attached as Exhibit A.

(g) Shared Services Agreement. Each of the applicable Affiliates of the Sellers shall have executed and delivered, as of the Closing Date, the Shared Services Agreement, substantially in the form attached as Exhibit B.

(h) Subordination and Intercreditor Agreement. Each of the Sellers shall have executed and delivered, as of the Closing Date, the Subordination and Intercreditor Agreement, substantially in the form attached as Exhibit G.

(i) Opinion of Counsel to the Sellers. The Purchaser shall have received the opinion of Preston Gates & Ellis LLP, counsel to the Companies and Myers, dated the Closing Date, addressed to the Purchaser, containing the opinions under the law of the State of Washington, subject to normal and customary assumptions and exceptions in comparable legal opinions, set forth in Exhibit D (it being understood that the Purchaser's lenders may rely upon such opinion to the extent set forth therein).

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(j) Resignations. All resignations of directors and officers of each of the Companies which have been previously requested by the Purchaser shall have been delivered to the Purchaser.

(k) Termination of Agreements. The Purchaser shall have received evidence satisfactory to it of the termination of all Contracts required to be terminated pursuant to Section 5.3 and of the release of any obligations under such Contracts of any of the Companies.

(l) Payoff Letters. The Companies shall have received payoff instruction letters providing for the payment at Closing or paid receipts (in each case, in form and substance) reasonably acceptable to the Purchaser with respect to all of the Indebtedness of the Companies.

(m) Spousal Consents. Each of the Sellers shall have caused their respective spouses to execute and deliver a spousal consent, substantially in the form attached as Exhibit E.

(n) ActiveSource Transaction. The Sellers shall have caused each of ActiveLight and DSG to execute and deliver, as of the Closing Date, the ActiveSource Purchase Agreement, substantially in the form attached as Exhibit I, and to consummate the transactions contemplated thereby.

6.3 Conditions to the Sellers' Obligation to Effect the Closing. The obligation of the Sellers to enter into and complete the Closing was further subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be or may have been waived by the Sellers:

(a) Representations and Warranties. The representations and warranties of the Purchaser in this Agreement that are not subject to any limitation or qualification as to materiality or Material Adverse Effect (or similar concept) shall have been true and correct in all material respects as of the date hereof and all representations and warranties of the Purchaser in this Agreement that are subject to any such limitation or qualification shall have been true and correct as of the date hereof, except, in each case, for any such representations or warranties which were made as of a specific date, the accuracy of which shall be determined only with reference to such specific date.

(b) Performance of Obligations. The Purchaser shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing Date.

(c) Purchaser's Certification. The Purchaser's executive officer executing this Agreement hereby certifies, on behalf of the Purchaser, that each of the conditions specified above in Sections 6.3(a) and 6.3(b) is satisfied.

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(d) Escrow Agreements. The Purchaser shall have executed and delivered, as of the Closing Date, the Escrow Agreement, substantially in the form attached as Exhibit A.

(e) Shared Services Agreement. The Purchaser shall have executed and delivered, as of the Closing Date, the Shared Services Agreement, substantially in the form attached as Exhibit B.

ARTICLE VII

NON-COMPETITION

7.1 Covenants Against Competition. Each of the Sellers acknowledges that (i) the Companies are engaged in the business of the distribution of display technology products and peripheral products to resellers, including, but not limited to: flat panel screens, monitors or displays; projectors; audio products; scalers and switchers; video products; power management; projection screens; control systems; audio and/or video cables; IR/RF equipment; wireless products and bracket/wall mounts (the "Company Business"); (ii) the Company Business is conducted throughout the United States and certain overseas locations; (iii) its relationship with the Companies has given it and will continue to give it trade secrets of and confidential information concerning the Companies; (iv) the agreements and covenants contained in this Article VII are essential to protect the business and goodwill of the Companies, all of the outstanding Shares of which are being purchased by the Purchaser; and (v) the Purchaser would not purchase the Shares but for such agreements and covenants. Accordingly, each covenants and agrees as follows:

(a) Non Compete. In order to allow the Purchaser to protect the Company Business, while at the same time allowing the Sellers to carry on business activities in which they can participate and earn a living, the Parties have agreed to the following non compete terms as an integral and essential part of this transaction:

(i) Brad Gleeson. For a period of three years commencing on the Closing Date (the "Restricted Period"), Gleeson shall not, in the United States of America or Canada: (A) engage in the Company Business for his own account; (B) render any services to any Person engaged in the Company Business or for use in competing with the Company Business; (C) interfere with business relationships (whether formed prior to or after the date of this Agreement) between any of the Companies and customers or suppliers of any of the Companies or (D) have an interest in any Person engaged in the Company Business in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant; subject, however, in the case of this clause (D), to the following exceptions:

(1) Businesses that sell directly to end users rather than to resellers shall not be considered as engaging in the Company Business;

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(2) Businesses that label or manufacture original equipment source products shall not be considered as engaging in the Company Business (it being acknowledged that such businesses may also resell their source products through distributors so long as such resales do not constitute the primary portion of such businesses). A "source product" means a product manufactured by the business under the business' name or a product licensed and branded under the business' name. Notwithstanding the foregoing, Gleeson shall not be employed by any such business with over $500,000,000 in annual gross revenue that manufactures flat panel screens or large format monitors or displays of at least 24 inches in screen size for a period of one year commencing on the Closing Date;

(3) Gleeson may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if he is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own 1% or more of any class of securities of such Person; and

(4) Gleeson may continue to own and operate the ActiveSource digital signage business, so long as: (x) the ActiveSource name is changed within 30 days of the Closing Date to a name that does not include the words "Active," "Light" or "Source;" (y) ActiveSource does not sell through resellers, but sells directly to end-user customers; and (z) for a period of twelve months from the Closing Date, for any ActiveSource product order over $5,000 in value of products in the then current ActiveLight line card or the then current CineLight line card, the Purchaser will be offered a right of first refusal to sell such products to ActiveSource, and if the Purchaser elects not to sell such products to ActiveSource, ActiveSource may procure such products from any other Person.

(ii) Herbert H. Myers. During the Restricted Period, Myers shall not, in the United States of America or Canada: (A) engage in the Company Business for his own account; (B) render any services to any Person engaged in the Company Business or for use in competing with the Company Business; (C) interfere with business relationships (whether formed prior to or after the date of this Agreement) between any of the Companies and customers or suppliers of any of the Companies or (D) have an interest in any Person engaged in the Company Business in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant; subject, however, to the following exceptions:

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(1) Businesses that sell directly to end users rather than to resellers shall not be considered as engaging in the Company Business;

(2) Myers may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if he is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own 1% or more of any class of securities of such Person;

(3) Myers may continue to own and operate the ActiveSource digital signage business, so long as: (x) the ActiveSource name is changed within 30 days of the Closing Date to a name that does not include the words "Active," "Light" or "Source;" (y) ActiveSource does not sell through resellers, but sells directly to end-user customers; and (z) for a period of twelve months from the Closing Date, for any ActiveSource product order over $5,000 in value of products in the then current ActiveLight line card or the then current Electrograph line card, the Purchaser will be offered a right of first refusal to sell such products to ActiveSource, and if the Purchaser elects not to sell such products to ActiveSource, ActiveSource may procure such products from any other Person; and

(4) Myers may continue to own and operate BOXLIGHT Corporation or other businesses and conduct business thereby, which includes activities that otherwise would be in competition with the Company Business, so long as (i) BOXLIGHT'S revenue from the sale to resellers of flat panel screens and large format monitors and displays 24 inches or larger in screen size, under proprietary or non-proprietary brands, constitutes less than 20% of BOXLIGHT'S revenues, and (ii) BOXLIGHT does not, during the first year of the Restriction Period, affirmatively market (whether by making outgoing sales calls, sending outgoing marketing materials or otherwise, other than through its web site) the sale to resellers of flat panel screens and large format monitors and displays 24 inches or larger in screen size, under proprietary or non-proprietary brands.

(b) Employees of the Companies. For a period of two years commencing on the Closing Date, without the prior written consent of the Purchaser (which consent shall not be unreasonably withheld), no Seller shall, directly or indirectly, hire or solicit any employee of any of the Companies or encourage any such employee to leave such employment or hire any such employee who has left such employment within one (1) year of the termination of such employment. For a period of two years

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commencing on the Closing Date, without the prior written consent of the applicable Seller (which consent shall not be unreasonably withheld), the Purchaser shall not (and shall cause its Subsidiaries, including the Companies, not to) directly or indirectly, hire or solicit a company in which either of the Sellers owns at least a majority of the outstanding capital stock or other equity securities of such company or encourage any such employee to leave such employment or hire any such employee who has left such employment within one (1) year of the termination of such employment.

7.2 Rights and Remedies Upon Breach. If any Seller breaches, or threatens to commit a breach of, any of the provisions of Section 7.1 (the "Restrictive Covenants"), each of the Purchaser, each of the Companies shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to any of the Purchaser or any of the Companies under law or in equity:

(a) Specific Performance. The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to each of the Purchaser and each of the Companies and that money damages would not provide an adequate remedy to the Purchaser or any of the Companies.

(b) Accounting. The right and remedy to require each Seller to account for and pay over to the Purchaser, or any of the Companies, as the case may be, all profits or other benefits derived or received by such Seller as the result of any transactions constituting a breach of the Restrictive Covenants.

7.3 Severability of Covenants. Each Seller acknowledges and agrees that as to it the Restrictive Covenants are reasonable and valid in geographical and temporal scope and in all other respects. If any court of competent jurisdiction determines that all or any part of any of the Restrictive Covenants is invalid or unenforceable as to one or more of the Sellers, the remainder of the Restrictive Covenants shall not be affected and shall be given full effect as to the Sellers or such Seller, without regard to the invalid portions.

7.4 Blue-Penciling. If any court of competent jurisdiction determines that all or any part of any of the Restrictive Covenants is unenforceable as to one or more of the Sellers, such court shall have the power to reduce the scope of such Restrictive Covenant, as to the Sellers or such Seller, and, in its reduced form, such provision shall then be enforceable.

7.5 Enforceability in Jurisdictions. The Purchaser and each Seller intend to and confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of the Restrictive Covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the Purchaser and

each Seller that such determination not bar or in any way affect the right of the Purchaser or any of the Companies to the relief provided above in the courts of any other jurisdiction within the geographical scope of the Restrictive Covenants, as to breaches of the Restrictive Covenants in such other respective jurisdictions, the Restrictive Covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

ARTICLE VIII

TAX MATTERS

8.1 Tax Indemnification.

(a) Tax Indemnification by the Sellers. From and after the Closing Date, the Sellers, jointly and severally, shall indemnify the Purchaser and the Companies and their respective Affiliates (each a "Tax Indemnified Purchaser Party" and collectively, the "Tax Indemnified Purchaser Parties") against and hold harmless from any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties (including reasonable fees for both in-house and outside counsel, accountants and other outside consultants) suffered or incurred (each a "Tax Loss" and collectively, the "Tax Losses") arising out of (i) Taxes of any of the Companies for periods or portions thereof ending on or before the Closing Date and all Taxes that are treated as Pre-Closing Taxes in accordance with Section 8.4 ("Pre-Closing Taxes"); (ii) Taxes of any member of an affiliated, consolidated, combined or unitary group of which any of the Companies was a member on or prior to the Closing Date by reason of liability under Treasury Regulation §1.1502-6, Treasury Regulation §1.1502-78 or comparable provision of foreign, state or local Law; (iii) without duplication, Taxes imposed on a Tax Indemnified Purchaser Party as a result of (x) any inaccuracy in or breach of any representation or warranty made by the Sellers in Section 2.8 of this Agreement or in any certificate or other document delivered by the Sellers pursuant to this Agreement, including the certification provided in Section 6.2(c); or (y) a breach of a covenant or agreement set forth in this Article VIII; and (iv) Taxes or other payments required to be paid after the date hereof by any of the Companies to any Party under any Tax Sharing Agreement (whether written or not) or by reason of being a successor-in-interest or transferee of another entity.

(b) Tax Indemnification by the Purchaser. From and after the Closing Date, the Purchaser shall indemnify the Sellers and their Affiliates (each a "Tax Indemnified Seller Party" and collectively, the "Tax Indemnified Seller Parties") against and hold harmless from any and all Post-Closing Taxes other than amounts for which a Tax Indemnified Purchaser Party is indemnified by the Sellers under Section 8.1(a).

(c) Tax Indemnification Procedures.

(i) After the Closing, each Party (whether the Purchaser or the Sellers, as the case may be) shall promptly notify the other Party

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in writing of any demand, claim or notice of the commencement of an audit received by such Party from any Governmental Authority or any other Person with respect to Taxes for which such other Party is liable pursuant to this Section 8.1; provided, however, that a failure to give such notice will not affect such other party's rights to indemnification under this Section 8.1, except to the extent that such Party is actually prejudiced thereby. Such notice shall contain factual information (to the extent known) describing the asserted Tax liability and shall include copies of the relevant portion of any notice or other document received from any Governmental Authority or any other Person in respect of any such asserted Tax liability.

(ii) A Tax Indemnified Purchaser Party must first assert any and all claims for Tax Losses under this Article VIII against the Escrow Deposit in accordance with the terms of the Escrow Agreement; provided, that if the funds in the Escrow Deposit are insufficient to cover the Tax Losses for which the Tax Indemnified Purchaser Parties are entitled to indemnification hereunder or if the Escrow Deposit has terminated pursuant to its terms, each of the Sellers shall be severally and not jointly liable for such Seller's Pro Rata Percentage of any deficiency. Payment by an indemnifying party of any amount due to an indemnified Party under this Section 8.1 shall be made within 10 days following written notice by the indemnified Party that payment of such amounts to the appropriate Governmental Authority or other applicable Person is due by the indemnified Party, provided, that the indemnifying Party shall not be required to make any payment earlier than five Business Days before it is due to the appropriate Governmental Authority or applicable Person. In the case of a Tax that is contested in accordance with the provisions of Section 8.3, payment of such contested Tax will not be considered due earlier than the date a "final determination" to such effect is made by such Governmental Authority. For this purpose, a "final determination" shall mean a settlement, compromise, or other agreement with the relevant Governmental Authority, whether contained in an IRS Form 870 or other comparable form, or otherwise, or such procedurally later event, such as a closing agreement with the relevant governmental authority, and agreement contained in Internal Revenue Service form 870-D or other comparable form, an agreement that constitutes a "determination" under Section 1313(a)(4) of the Code, a deficiency notice with respect to which the period for filing a petition with the Tax Court or the relevant state, local or foreign tribunal has expired or a decision of any court of competent jurisdiction that is not subject to appeal or as to which the time for appeal has expired.

(iii) All amounts required to be paid pursuant to this Section 8.1 shall be paid promptly in immediately available funds by wire transfer to a bank account designated by the indemnified Party.

(iv) Any payments required pursuant to this Section 8.1 that are not made within the time period specified in this Section 8.1 shall bear interest at a rate and in the manner provided in the Code for interest on underpayments of federal income Tax.

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8.2 Tax Audits and Contests; Cooperation.

(a) After the Closing Date, except as provided in paragraphs (b), (c) and (d) below, the Purchaser shall control the conduct, through counsel of its own choosing, of any audit, claim for refund, or administrative or judicial proceeding involving any asserted Tax liability or refund with respect to the Companies (any such audit, claim for refund, or proceeding relating to an asserted Tax liability referred to as a "Tax Contest").

(b) In the case of a Tax Contest after the Closing Date that relates solely to Taxes for which the Purchaser is indemnified under Section 9.1, the Sellers shall control the conduct of such Tax Contest, but the Purchaser shall have the right to participate in such Tax Contest at its own expense, and the Sellers shall not be able to settle, compromise and/or concede any portion of such Tax Contest that is reasonably likely to affect the Tax liability of any of the Companies for any Taxable year (or portion thereof) beginning after the Closing Date without the consent of the Purchaser, which consent shall not be unreasonably withheld or delayed; provided, that, that if the Sellers fails to assume control of the conduct of any such Tax Contest within a reasonable period following the receipt by the Sellers of notice of such Tax Contest, the Purchaser shall have the right to assume control of such Tax Contest and shall be able to settle, compromise and/or concede such Tax Contest in its sole discretion.

(c) In the case of a Tax Contest after the Closing Date that relates both to Taxes for which the Purchaser is indemnified under Section 8.1 and Taxes for which the Purchaser is not indemnified under Section 8.1 the Purchaser shall control the conduct of such Tax Contest, but the Sellers shall have the right to participate in such Tax Contest at the Sellers' own expense, and the Purchaser shall not settle, compromise and/or concede such Tax Contest without the consent of the Sellers, which consent shall not be unreasonably withheld or delayed.

(d) In the case of a Tax Contest after the Closing Date that relates solely to taxable income or tax credits of CineLight which taxable income or credits pass-through to the CineLight shareholders under the Subchapter S provisions, Section 131, et seq., of the Code or any comparable provision of the laws of any Governmental Authority, the Sellers shall control such Tax Contest but the Purchaser shall have the right to participate in such Tax Contest at its own expense.

(e) Each of the Parties agrees to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information (including access to books and records) and assistance relating to any of the Companies as is reasonably requested for the filing of any Tax Returns and the preparation, prosecution, defense or conduct of any Tax Contest. Each of the Parties shall reasonably cooperate with each other in the conduct of any Tax Contest or other proceeding involving or otherwise relating to any of the Companies (or their income or assets) with respect to any Tax and each shall execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Section 8.2(d). Any information obtained under this Section 8.2(d) shall be kept confidential, except as may

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be otherwise necessary in connection with the filing of Tax Returns or in the conduct of a Tax Contest or other Tax proceeding.

(f) The Purchaser and each of the Sellers shall, and shall cause each of the Companies, (i) to use their respective reasonable efforts to properly retain and maintain the Tax and accounting records of each of the Companies that relate to Pre-Closing Taxable Periods for six years and thereafter provide the Sellers with written notice prior to any destruction, abandonment or disposition of all or any portions of such records, (ii) to transfer such records to the Sellers upon their written request prior to any such destruction, abandonment or disposition and (iii) to allow the Sellers and their Affiliates and their respective Representatives, at times and dates reasonably and mutually acceptable to the parties, to inspect and review from time to time such records as the Sellers may deem necessary or appropriate; provided, however, that in all cases, such activities are to be conducted by the Sellers during normal business hours and at the Sellers' sole expense. Any information obtained under this Section 8.2(e) shall be kept confidential, except as may be otherwise necessary in connection with the filing of Tax Returns or in the conduct of a Contest or other Tax proceeding.

8.3 Preparation of Tax Returns and Payment of Taxes.

(a) Except as provided in Section 8.3(d) below, the Purchaser shall prepare (or cause to be prepared), and timely file all Tax Returns of the Companies required to be filed with any Tax authority after the Closing Date, and shall pay (or cause to be paid) any Taxes due in respect of such Tax Returns. With respect to any Tax Returns filed by the Purchasers pursuant to this Section 8.3(a) with respect to any Taxable periods (or portions thereof) ending on or before the Closing Date ("Pre-Closing Taxable Periods"), the Sellers shall be responsible for the Pre-Closing Taxes due in respect of such Tax Returns. The Purchaser shall notify the Sellers of any amounts due from the Sellers in respect of any such Tax Return no later than ten business days prior to the date on which such Tax Return is due, and the Sellers shall remit such payment to the Purchaser no later than five business days prior to the date such Tax Return is due.

(b) In the case of Tax Returns that are filed with respect to a Pre-Closing Taxable Period, the Purchaser shall prepare such Tax Return in a manner consistent with past practice, except as otherwise required by Law, and shall deliver any such Tax Return to the Sellers for their review at least 30 days prior to the date such Tax Return is required to be filed. If the Sellers dispute any item on such Tax Return, they shall notify the Purchaser of such disputed item (or items) and the basis for its objection. The Parties shall act in good faith to resolve any such dispute prior to the date on which the relevant Tax Return is required to be filed. If the Parties cannot resolve any disputed item, the item in question shall be resolved by an independent accounting firm mutually acceptable to the Sellers and the Purchaser. The fees and expenses of such accounting firm shall be borne equally by the Sellers, on the one hand, and the Purchaser, on the other hand.

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(c) In the case of Tax Returns that are filed with respect to Straddle Periods, the Purchaser shall prepare such Tax Return in a manner consistent with past practice, except as otherwise required by Law.

(d) The Sellers shall prepare or cause to be prepared any Tax Returns of CineLight required to be filed after the Closing Date to the extent such Tax Returns relate solely to periods when CineLight reports, as an S corporation or any similar status pursuant to the law of the relevant Governmental Authority and the Sellers shall deliver such Tax Return to the Purchaser for its review at least 30 days before such returns are required to be filed. If the Purchaser disputes any item on any such Tax Return, the Purchaser shall notify the Sellers of such disputed item (or items) and the basis for its objection. If a disputed item does not materially increase the Post-Closing taxable income of CineLight, the Sellers may resolve the dispute. Otherwise, the dispute resolution procedure described in Section 8.3(b) shall apply.

(e) The Purchaser shall not amend (or cause any amendment to be made to) any CineLight returns filed for a Pre-Closing Taxable Period pursuant to the provisions of Subchapter S of the Code or any comparable provisions of any Governmental Authority without the prior consent of the Sellers.

8.4 Straddle Periods. For purposes of this Agreement, in the case of any Taxes of any the Companies that are payable with respect to any Tax period that begins before and ends after the Closing Date (a "Straddle Period"), the portion of any such Taxes that constitutes Pre-Closing Taxes: (a) in the case of Taxes that are either (i) based upon or related to income or receipts, or (ii) imposed in connection with any sale, transfer or assignment or any deemed sale, transfer or assignment of property (real or personal, tangible or intangible), shall be deemed equal to the amount that would be payable if the Tax year or period ended on the Closing Date; and (b) in the case of Taxes (other than those described in clause (a) above) that are imposed on a periodic basis with respect to the business or assets of any of the Companies or otherwise measured by the level of any item, shall be deemed to be the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding Tax period) multiplied by a fraction the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period. For purposes of clause (a) of the preceding sentence, any exemption, deduction, credit or other item (including the effect of any graduated rates of Tax) that is calculated on an annual basis shall be allocated to the portion of the Straddle Period ending on the Closing Date on a pro rata basis determined by multiplying the total amount of such item allocated to the Straddle Period times a fraction, the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period. In the case of any Tax based upon or measured by capital (including net worth or long-term debt) or intangibles, any amount of such Tax required to be allocated under this Section 8.4 shall be computed by reference to the level of such items on the Closing Date. All determinations necessary to give effect to the foregoing allocations

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shall be made in a manner consistent with past practice of the each of the Companies. To the extent permitted by applicable Law, the Parties shall elect with the relevant Tax authority to treat a portion of any Straddle Period as a short Taxable period ending as of the close of business on the Closing Date.

8.5 Conveyance Taxes. Each of the Sellers agrees to pay all sales, value added, transfer, stamp, registration, real property transfer or gains, or similar Taxes incurred as a result of the transactions contemplated in this Agreement.

ARTICLE IX

SURVIVAL; GENERAL INDEMNIFICATION

9.1 Survival. All representations, warranties, covenants and agreements shall survive the execution and delivery of this Agreement and the Closing except as hereinafter provided. All representations and warranties contained in this Agreement shall terminate and expire on the earlier to occur of (x) the tenth Business Day following the date on which the audit report of the independent accountants in respect of the Purchaser's financial statements as of and for the fiscal year ended July 31, 2007 shall have been delivered to the Purchaser and (y) November 30, 2007, with respect to any claim based upon, arising out of or otherwise in respect of any inaccuracy or breach of any such representation or warranty that is based upon, arising out of or otherwise in respect of any fact or circumstance of which the non-breaching Party prior to such date shall not have given notice to the breaching Party, except for the representations and warranties of the Sellers contained in (a) Sections 2.1, 2.2, 2.4, 2.27, 3.1, 3.2 and 3.3, all of which representations and warranties shall survive without limitation, (b) Sections 2.8 and 2.23, all of which representations and warranties shall terminate and expire on the date which is 90 days after the date upon which the liability to which any claim based upon, arising out of or otherwise in respect of any inaccuracy or breach of any such representation or warranty may relate is barred by all applicable statutes of limitations (including all periods of extension, whether automatic or permissive), and (c) Section 2.12, all of which representations and warranties shall terminate and expire three years after the Closing Date, with respect to any claim based upon, arising out of or otherwise in respect of any inaccuracy or breach of any such representation or warranty that is based upon, arising out of or otherwise in respect of any fact or circumstance of which the Purchaser prior to such date shall not have given notice to the Sellers. Except as otherwise expressly provided in this Agreement, the covenants and agreements contained in this Agreement shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

9.2 Obligation of the Sellers to Indemnify.

(a) Subject to the limitations contained in Section 9.3, the Sellers severally and not jointly agree to indemnify, defend, hold harmless, pay and reimburse the Purchaser and its Affiliates and their respective directors, officers, employees, shareholders, partners, members, Affiliates, successors, assigns, consultants, accountants, counsel, advisors and other agents or representatives (collectively, the

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"Purchaser Indemnified Parties") from and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties (including reasonable fees for both in-house and outside counsel, accountants and other outside consultants) suffered or incurred (each a "Loss" and collectively, the "Losses"), whether or not due to a third party claim, based upon, arising from or relating to:

(i) any inaccuracy in or breach of any representation or warranty made by the Sellers in this Agreement or in any certificate or other document delivered by the Sellers pursuant to this Agreement (other than any inaccuracy in or breach of any such representation or warranty set forth in Section 2.8, the indemnification for which is covered by Section 8.1(a), or in Article III, the indemnification for which is covered in Section 9.2(b)(i));

(ii) any breach of any covenant or agreement of the Sellers contained in this Agreement or any other document delivered by the Sellers pursuant to this Agreement;

(iii) any Liability of any Company based upon, arising out of or relating to the business, operations, properties or assets of any Seller or any Affiliate (other than the Companies) of any Seller;

(iv) any Liability based upon, arising out of or relating to any employee benefit plan or arrangement, other than any Plan or any non-material fringe benefit plan or arrangement maintained by any of the Companies, that is or has been maintained by any ERISA Affiliate of any of the Companies, including any plan which is subject to Title IV of ERISA or any plan to which COBRA applies;

(v) any Assumed Liabilities; or

(vi) enforcing the indemnification provided for under this Section 9.2(a).

(b) Subject to the limitations contained in Section 9.3, each Seller severally and not jointly agrees to indemnify, defend and hold harmless the Purchaser Indemnified Parties from and against any and all Losses based upon, arising from or relating to:

(i) any inaccuracy in or breach of any representation or warranty made by such Seller in Article III or in any certificate or other document delivered by such Seller pursuant to this Agreement (but only to the extent related to Article III); or

(ii) enforcing the indemnification provided for under Section 9.2(b).

9.3 Limitations on Indemnification by Sellers. The indemnification provided for in Section 9.2 shall be subject to the following limitations:

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(a) The Sellers shall not be obligated to pay any amounts for indemnification under Section 9.2(a)(i) or 9.2(b)(i), except those based upon, arising from or otherwise relating to Sections 2.1, 2.2, 2.4, 2.8, 2.23, 2.27, 3.1, 3.2 or 3.3 (the "Seller Basket Exclusions"), until the aggregate amounts for indemnification under such Sections, exclusive of those based on the Seller Basket Exclusions, equals $100,000 (the "Basket Amount"), after the occurrence of which the Sellers shall be obligated to pay in full all such amounts for such indemnification in excess of the Basket Amount, up to the Cap Amount defined below in Section 9.3(c).

(b) The Sellers shall be obligated to pay any amounts for indemnification based upon, arising from or relating to the Seller Basket Exclusions (in accordance with their liability as set forth in Section 9.2) without regard to the individual or aggregate amounts thereof and without regard to whether all other indemnification payments shall have exceeded, in the aggregate, the Basket Amount or the Cap Amount.

(c) The maximum amount of indemnification payments under Section 9.2(a)(i) or 9.2(b)(i) to which the Purchaser Indemnified Parties shall be entitled to receive indemnification in connection with the inaccuracy in or breach of any representation or warranty of the Sellers referred to therein (excluding those based upon, arising from or relating to the Seller Basket Exclusions) shall not exceed $1,875,000 (the "Cap Amount").

(d) Solely for purposes of determining the amount of any Loss under Section 8.1(a), Section 9.2 and this Section 9.3, but not whether a representation, warranty, covenant or agreement has been breached or is inaccurate, each representation warranty, covenant and agreement of the Sellers referred to therein shall be considered without regard to any limitation or qualification as to materiality or Material Adverse Effect (or similar concept) set forth in such representation, warranty, covenant and agreement.

(e) Indemnification of a Purchaser Indemnified Party by the Sellers shall be limited to the amount of any Loss that remains after deducting therefrom (and the cumulative amount of all Losses for purposes of determining the Basket Amount shall be reduced by the amount of) (i) any tax benefit actually realized by such Purchaser Indemnified Party related to such Loss and (ii) any insurance proceeds or any indemnity, contribution or other similar payment actually received by a Purchaser Indemnified Party from any third party with respect to such Loss.

(f) A Purchaser Indemnified Party must first assert any and all claims for Losses under this Article IX and under Section 8.1(a) against the Escrow Deposit in accordance with the terms of the Escrow Agreement. If the funds in the Escrow Deposit are insufficient to cover the Losses for which the Purchaser Indemnified Parties are entitled to indemnification hereunder or if the Escrow Deposit was terminated pursuant to its terms, the Sellers will be severally and not jointly liable for such Seller's Pro Rata Percentage of any deficiency (in the case of any such claim under Section 9.2(a)) and the applicable Seller shall be liable for any deficiency (in the case of any such claim under Section 9.2(b)).

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(g) None of the Purchaser Indemnified Parties shall be entitled to recover any Losses relating to any matter arising under one provision of this Agreement to the extent that such Purchaser Indemnified Party has already recovered the full amount of such Purchaser Indemnified Party's Losses with respect to such matter pursuant to other provisions of this Agreement.

9.4 Obligation of the Purchaser to Indemnify. Subject to the limitations contained in Section 9.5, the Purchaser agrees to indemnify, defend, hold harmless, pay and reimburse the Sellers, and their respective Affiliates, successors, assigns, consultants, accountants, counsel, advisors and other agents or representatives (collectively, the "Seller Indemnified Parties") from and against all Losses, whether or not due to a third party claim, based upon, arising from or relating to:

(a) any inaccuracy in or breach of any representation, warranty, covenant or agreement of the Purchaser contained in this Agreement or in any certificate or other document delivered by the Purchaser pursuant to this Agreement, including the certification given in Section 6.3(c);

(b) any breach of any covenant or agreement of the Purchaser contained in this Agreement or any other document delivered by the Purchaser pursuant to this Agreement;

(c) enforcing the indemnification provided for under Section 9.4; or

(d) discrimination claims based solely on selection of the Scheduled Employees commenced by any of the individuals set forth on Schedule 9.4(d).

9.5 Limitations on Indemnification by the Purchaser. The indemnification provided for in Section 9.4 shall be subject to the following limitations:

(a) The Purchaser shall not be obligated to pay any amounts for indemnification under Section 9.4(a), except those based upon, arising from or otherwise relating to Sections 4.1, 4.2, 4.3 and 4.6 and the indemnification provided for in Section 9.4(d) (the "Purchaser Basket Exclusions"), until the aggregate amounts for indemnification under such Sections, exclusive of those based on the Purchaser Basket Exclusions, equals the Basket Amount, after the occurrence of which the Purchaser shall be obligated to pay in full all such amounts for such indemnification in excess of the Basket Amount.

(b) The Purchaser shall be obligated to pay any amounts for indemnification based on the Purchaser Basket Exclusions (in accordance with their liability as set forth in Section 9.4) without regard to the individual or aggregate amounts thereof and without regard to whether all other indemnification payments shall have exceeded, in the aggregate, the Basket Amount.

(c) The maximum amount of indemnification payments under Section 9.4(a) to which the Purchaser Indemnified Parties shall be entitled to receive

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indemnification in connection with the inaccuracy in or breach of any representation or warranty of the Purchaser referred to therein (excluding those based upon, arising out of or otherwise in respect of, the Purchaser Basket Exclusions), shall not exceed the Cap Amount.

(d) Solely for purposes of determining the amount of any Loss under Section 9.4 and this Section 9.5, but not whether a representation, warranty, covenant or agreement has been breached or is inaccurate, each representation, warranty, covenant and agreement of the Purchaser referred to therein shall be considered without regard to any limitation or qualification as to materiality or Material Adverse Effect (or similar concept) set forth in such representation, warranty, covenant and agreement.

(e) Indemnification of a Seller Indemnified Party by the Purchaser shall be limited to the amount of any Loss that remains after deducting therefrom (and the cumulative amount of all Losses for purposes of determining the Basket Amount shall be reduced by the amount of) (i) any tax benefit actually realized by such Seller Indemnified Party related to such Loss and (ii) any insurance proceeds or any indemnity, contribution or other similar payment actually received by a Seller Indemnified Party from any third party with respect to such Loss.

(f) None of the Seller Indemnified Parties shall be entitled to recover any Losses relating to any matter arising under one provision of this Agreement to the extent that such Seller Indemnified Party has already recovered the full amount of such Seller Indemnified Party's Losses with respect to such matter pursuant to other provisions of this Agreement.

9.6 Procedure for Indemnification. The Party making a claim under this Article IX is referred to as the "Indemnified Party," and the Party against whom such claims are asserted or to whom notice of Loss is delivered under this Article IX is sometimes referred to as the "Indemnifying Party." In the case of Sellers, all notices of Loss shall be provided to the Escrow Agent and to each of the Sellers. All claims by any Indemnified Party under this Article IX shall be asserted and resolved as follows:

(a) Notice of Asserted Liability. After receipt by the Indemnified Party of a claim or notice from a third party that may result in a Loss (each, an "Asserted Liability"), the Indemnified Party shall give notice of such Asserted Liability (the "Claims Notice") to the Indemnifying Party. The failure to give such notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except to the extent that the Indemnifying Party forfeits material rights or defenses by reason of such failure. The Claims Notice shall describe the Asserted Liability and the basis therefor in sufficient detail to allow an assessment of the validity and value of the Claim , and shall indicate the amount (estimated, if necessary and to the extent feasible) of the Loss that has been or may be suffered by the Indemnified Party.

(b) Non-Third Party Claims. If the Indemnified Party asserts a Loss other than a claim or demand from a third party, then the Indemnifying Party shall have 30 days following receipt of the Claims Notice to make such investigation at the

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expense of the Indemnifying Party of the Asserted Liability as the Indemnifying Party deems necessary or desirable. For the purposes of such investigation, the Indemnified Party agrees to make available to the Indemnifying Party all information relied upon by the Indemnified Party to substantiate the Asserted Liability and any other information relevant to the Claim in the possession of or obtainable by the Indemnified Party. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of said 30 day period (or any mutually agreed upon extension thereof) on the validity and amount of such Asserted Liability, the Indemnifying Party shall immediately pay to the Indemnified Party the full amount of the claim by wire transfer of immediately available funds to an account designated by the Indemnified Party.

(c) Opportunity to Defend Third Party Claims.

(i) If the Indemnifying Party elects to compromise or defend an Asserted Liability, it shall notify within 30 days (or sooner, if the nature of the Asserted Liability so requires) the Indemnified Party of its intent to do so, and the Indemnified Party, at the expense of the Indemnifying Party, shall cooperate in the compromise of, or defense against, such Asserted Liability. During such 30 day period, the Indemnified Party (at the Indemnifying Party's expense) may make such filings, including motions for continuance (and answers if a motion for continuance has not been granted), as may be necessary to preserve the parties' positions and rights with respect to such claim or demand.

(ii) The Indemnifying Party may elect to compromise or defend, at its own expense and by its own counsel, such Asserted Liability; provided, however, that the Indemnifying Party shall not have the right to defend or direct the defense of any Asserted Liability if it refuses to acknowledge fully in writing its obligations to indemnify the Indemnified Party pursuant to this Article IX or contests, in whole or in part, its indemnification obligations for such Asserted Liability.

(iii) If the Indemnifying Party elects not to compromise or defend the Asserted Liability, fails to notify the Indemnified Party of its election as provided in this Agreement or refuses to acknowledge or contests its obligation to indemnify under this Agreement, the Indemnified Party may pay, compromise or defend such Asserted Liability and seek indemnification for any and all Losses based upon, arising from or relating to such Asserted Liability. Except as set forth in the immediately preceding sentence, the Indemnifying Party shall have no indemnification obligations with respect to any Asserted Liability which shall be settled by the Indemnified Party without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed); provided, however, that notwithstanding the foregoing, the Indemnified Party shall not be required to refrain from paying any claim which has matured by a court judgment or decree, unless an appeal is duly taken from such court judgment or decree and exercise of such court judgment or decree has been stayed, nor shall it be required to refrain from paying any claim where the delay in paying such claim would result in the foreclosure of a Lien upon any of the

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property or assets then held by the Indemnified Party or where any delay in payment would cause the Indemnified Party material economic loss.

(iv) The Indemnifying Party's right to direct the defense shall include the right to compromise or enter into an agreement settling any Asserted Liability with a third party; provided that (x) no such compromise or settlement shall obligate an Indemnified Party to agree to any settlement which requires the taking of any action by the Indemnified Party other than the delivery of a customary release, (y) such compromise or settlement shall include an unconditional release of each Indemnified Party and (z) such compromise or settlement shall not require the taking by the Indemnified Party of any action or require any modification by the Indemnified Party or by any Company in any business practice. The Indemnified Party shall have the right to participate in the defense of any Asserted Liability with counsel selected by it subject to the Indemnifying Party's right to direct the defense. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party; provided, however, that if in the reasonable opinion of counsel to the Indemnified Party, (I) there are or may be legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party or (II) there exists a conflict or potential conflict of interest between the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall be liable for the reasonable legal fees and expenses of separate counsel to the Indemnified Party. If the Indemnifying Party chooses to defend any Asserted Liability, the Indemnified Party shall make available to the Indemnifying Party any books, records or other documents within its control that are necessary or appropriate for such defense.

9.7 Sole and Exclusive Remedy. Except as otherwise provided in this Agreement, from and after the Closing, the remedies provided in this Article IX shall be the sole recourse of all parties hereto for all Losses based upon, arising from or relating to any inaccuracy in or breach of any representation, warranty, covenant or agreement contained in this Agreement or in any certificate or other document delivered pursuant to this Agreement; provided, that Article VIII shall be the sole recourse of all parties hereto for all Tax Losses. Nothing in this Section 9.7 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any Person's fraudulent or intentional misconduct.

9.8 Treatment of Indemnification Payments. It is the intention of the parties to treat any indemnification payment actually made under this Agreement as an adjustment to the Purchase Price for all federal, state, local and foreign Tax purposes, and the parties agree to file their Tax Returns accordingly. It is also the intention of the parties that interest earned on the Escrow Deposit or any portion thereof shall be included in the gross income of the Purchaser, and that not later than the release of the Escrow Deposit to the Sellers, the Sellers shall reimburse the Purchaser, on an after-tax basis, for the full amount of any Taxes payable by the Purchaser in respect of on such interest.

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ARTICLE X

MISCELLANEOUS

10.1 Certain Definitions

(a) As used in this Agreement, the following terms have the following meanings:

"Acquired Assets" has the meaning set forth in the ActiveSource Purchase Agreement.

"ActiveSource Business" has the meaning set forth in the ActiveSource Purchase Agreement.

"Affiliate" means, with respect to any Person, any other Person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control" (including the terms "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Assumed Liabilities" has the meaning set forth in the ActiveSource Purchase Agreement.

"Balance Sheets" means the ActiveLight Balance Sheet and the CineLight Balance Sheet.

"Business Day" means any day other than a Saturday, Sunday or day on which banking institutions in New York City, New York are authorized or obligated pursuant to Law to be closed.

"Claim" means any action, cause of action, suit, claim, complaint, demand, audit, dispute, litigation or legal, administrative or arbitral proceeding or investigation, whether at law, in equity, in arbitration or before any Governmental Authority.

"Closing Net Working Capital Overage" means the amount, if any, by which the Closing Net Working Capital exceeds the Target Net Working Capital.

"Closing Net Working Capital Underage" means the amount, if any, by which the Target Net Working Capital exceeds the Closing Net Working Capital.

"Code" means the Internal Revenue Code of 1986, as amended (including any successor code), and the rules and regulations promulgated thereunder.

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"Company Intellectual Property" means all works and items of Intellectual Property owned by any of the Companies and/or used in connection with the business of any of the Companies as presently conducted or contemplated.

"Confidential Information" means any information other than Trade Secrets that is not generally available to the public and that is treated as confidential or proprietary by the Companies or any of their Affiliates.

"Copyrights" means, as they exist anywhere in the world, copyrights and mask works, including all renewals and extensions thereof, copyright registrations and applications for registration thereof, and non-registered copyrights.

"Environment" means navigable waters, waters of the contiguous zone, ocean waters, natural resources, surface waters, ground water, drinking water supply, land surface, subsurface strata, ambient air, both inside and outside of buildings and structures, man-made buildings and structures, and plant and animal life on earth.

"Estimated Net Working Capital Overage" means the amount, if any, by which the Estimated Net Working Capital exceeds the Target Net Working Capital

"Estimated Net Working Capital Underage" means the amount, if any, by which the Target Net Working Capital exceeds the Estimated Net Working Capital.

"Gross Profits" has the same meaning under GAAP, as applied and presented by the Purchaser in the preparation of its financial statements.

"Indebtedness" means, as to any Person, without duplication (a) all obligations of such Person for borrowed money (including reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured), (b) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable and accrued commercial or trade Liabilities arising in the Ordinary Course of Business, (c) all interest rate and currency swaps, caps, collars and similar agreements or hedging devices under which payments are obligated to be made by such Person, whether periodically or upon the happening of a contingency, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person under leases which have been or should be, in accordance with generally accepted accounting principles ("GAAP") consistently applied, recorded as capital leases, (f) all indebtedness other than trade payables secured by any Lien (other than Liens in favor of lessors) on any property or asset owned by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person, together with any accrued and unpaid interest thereon, and (g) any guarantees made by such Person of any of the Indebtedness of any other Person described in clauses (a) through (f).

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"Intellectual Property" means all Copyrights, Patents, Software, Trade Secrets, Trademarks, domain names, applications and registrations for any of the foregoing, and IP Licenses.

"IP Licenses" means all licenses, sublicenses, distributor agreements or permissions, including, the right to receive royalties or any other consideration relating to Copyrights, Patents, Software, Trade Secrets and Trademarks.

"Knowledge of the Sellers" means the knowledge of any of the Sellers or any director or officer of any of the Companies after due inquiry.

"Lien" means any lien, pledge, mortgage, deed of trust, security interest, claim, equitable interest, lease, license, charge, option, right of first refusal, easement, servitude, restrictive covenant, right of way, survey defect, title defect, or other encumbrance.

"Material Adverse Effect" means when used in connection with a Person as of a particular time, any adverse change, event, circumstance, effect, inaccuracy or violation (collectively, "Change") that, individually, or when aggregated with other changes, events, violations, inaccuracies, circumstances or effects, has had, or could reasonably be expected to have, a material adverse effect on the business, assets, prospects, liabilities, condition (financial or otherwise), results of operations of such Person as of or following such time and such Person's Subsidiaries, taken as a whole, or the ability of such Person to consummate the Contemplated Transactions ; provided, however, that in no event shall any of the following, alone or in combination, be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur: (i) any Change resulting from compliance with the terms and conditions of this Agreement or any Transaction Document or (ii) any Change or effect that results or arises from changes affecting the industries in which the Companies operate generally or the United States economy generally (which Changes in each case do not disproportionately affect the Companies in any material respect).

"Net Working Capital" means the sum of (i) cash, including $215,000.00 allocated to make payroll payments by the Companies on the next payroll payment date following the Closing Date, (ii) trade accounts receivable, net of allowance for doubtful accounts, (iii) vendor receivables, net of reserves and (iv) inventory, net of reserves, minus accounts payable, determined in accordance with GAAP; provided, however, that any of the foregoing that were assigned to or assumed by DSG pursuant to the ActiveSource Purchase Agreement shall not be included in such calculation. The calculation of Net Working Capital shall not include: (i) related party accounts receivable (ii) federal income taxes refundable, (iii) current portion of related party notes receivable, (iv) prepaids and other current assets, (v) deferred tax assets and liabilities, (vi) current portion of long-term debt, (vii) related party accounts payable, (viii) current portion of related party note payable, (ix) accrued expenses and other current liabilities and (x) accrued fees and expenses incurred in connection with the consummation of the Contemplated Transactions.

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"Off-the-Shelf Software" means off-the-shelf software as such term is commonly understood, that is commercially available under non-discriminatory pricing terms and used solely on the computers of the Company.

"Ordinary Course of Business" means, with respect to any action taken by any Person, (a) such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person, (b) such action is not required to be authorized by the board of directors (or comparable governing body) of such Person, and (c) such action is similar in nature and magnitude to actions customarily taken, without any authorization by the board of directors (or comparable governing body), in the ordinary course of the normal day-to-day operations of other Persons that are in the same line of business as such Person.

"Patents" means, as they exist anywhere in the world, patents, patent applications and inventions, designs and improvements described and claimed therein, patentable inventions and other patent rights (including any divisions, continuations, continuations-in-part, reissues, reexaminations, or interferences thereof, whether or not patents are issued on any such applications and whether or not any such applications are modified, withdrawn, or resubmitted).

"Person" means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

"Pre-Closing Indebtedness Amount" means the sum of the aggregate principal amount of all Indebtedness of the Companies outstanding as of immediately prior to the Closing, together with all accrued and unpaid interest thereon, and any other fees, costs and expenses to pay in full such amount at the Closing.

"Pro Rata Percentage" means (i) with respect to Myers, the sum of the percentages set forth opposite the names of Myers and the College on Schedule 1.4(b), and (ii) with respect to Gleeson, the percentage set forth opposite the name of Gleeson on Schedule 1.4(b).

"Representatives" means, with respect to any Party, any of their respective directors, officers, employees, accountants, legal counsel, financial and other advisors, consultants, brokers, finders, agents or any other authorized representatives.

"Safety and Environmental Laws" means all Laws and Orders relating to pollution, protection of the Environment or public or worker health and safety.

"Self-Help Mechanism" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a Person other than an authorized licensee or owner of a copy of the program or the right and title in and to the program.

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"Significant Customers" includes the 50 largest customers of ActiveLight and 15 largest customers of CineLight by dollar volume paid for the twelve months ended October 31, 2005.

"Software" means, as they exist anywhere in the world, computer software programs, including all source code, object code, specifications, designs and documentation related to such programs.

"Subsidiaries" means, with respect to any Person (the "Owner"), any other Person in which the Owner owns, directly or indirectly, voting securities or other voting ownership interests having the power to elect at least a majority of the board of directors (or comparable governing body) of such other Person or otherwise having the power to direct the business and policies of such other Person (other than voting securities or other voting ownership interests having such power only upon the happening of a contingency that has not occurred) or, if there are not such voting securities or other voting ownership interests, 50% or more of the equity securities or other equity ownership interests of such other Person.

"Target Net Working Capital" means an amount equal to $1,000,000.

"Taxes" means (i) any and all federal, state, provincial, local, foreign and other taxes, levies, fees, imposts, duties, and similar governmental charges (including any interest, fines, assessments, penalties or additions to tax imposed in connection therewith or with respect thereto) including taxes imposed on, or measured by, income, franchise, profits or gross receipts, ad valorem, value added, capital gains, sales, goods and services, use, real or personal property, capital stock, license, branch, payroll, estimated withholding, employment, social security (or similar), unemployment, compensation, utility, severance, production, excise, stamp, occupation, premium, windfall profits, transfer and gains taxes, and customs duties, and (ii) any transferee liability in respect of any items described in clause (i) above.

"Tax Returns" means any and all reports, returns, declarations, claims for refund, elections, disclosures, estimates, information reports or returns or statements required to be supplied to a Taxing authority in connection with Taxes, including any schedule or attachment thereto or amendment thereof.

"Trade Secrets" means, as they exist anywhere in the world, trade secrets, know-how, inventions, processes, procedures, databases, confidential business information and other proprietary information and rights (whether or not patentable or subject to copyright, mask work, or trade secret protection.

"Trademarks" means, as they exist anywhere in the world, trademarks, service marks, trade dress, trade names, brand names, designs, logos, or corporate names, whether registered or unregistered, and all registrations and applications for registration thereof, and all goodwill related thereto.

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"Transaction Documents" means this Agreement, the Escrow Agreement, the Shared Services Agreement and the Subordination and Intercreditor Agreement.

"Unauthorized Code" means any virus, trojan horse, worm, or other software routines or hardware components designed to permit unauthorized access; or to disable, erase, or otherwise harm any computer, systems or Software.

(b) The following capitalized terms are defined in the following Sections of this Agreement:

Term	Section
ActiveLight	Preamble
ActiveLight Audited Financial Statements	2.6(a)
ActiveLight Balance Sheet	2.6(a)
ActiveLight Balance Sheet Date	2.6(a)
ActiveLight Common Stock	2.4(a)
ActiveLight Financial Statements	2.6(a)
ActiveLight Interim Financial Statements	2.6(a)
ActiveLight Preferred Stock	2.4(a)
ActiveLight Shares	Preamble
ActiveSource Purchase Agreement	Preamble
Adjusted Closing Payment	1.5(b)
Administrative Agent	4.8
Agreement	Preamble
Amended Second Lien Credit Agreement	4.8
Asserted Liability	9.6(a)
Audited-Reviewed Financial Statements	2.6(b)
Basket Amount	9.3(a)
Cap Amount	9.3(c)
Change	Other
CineLight	Preamble
CineLight Balance Sheet	2.6(b)
CineLight Balance Sheet Date	2.6(b)
CineLight Common Stock	2.4(a)
CineLight Financial Statements	2.6(b)
CineLight Interim Financial Statements	2.6(b)
CineLight Reviewed Financial Statements	2.6(b)
CineLight Shares	Preamble
Claims Notice	9.6(a)
Closing	1.1
Closing Date	1.3
Closing Net Working Capital	1.5(b)
Closing Payment	1.4(b)(i)
Closing Statement	1.5(b)
COBRA	5.5(f)

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College	Preamble
Companies	Preamble
Company	Preamble
Company Business	7.1
Company Required Consents	2.11(a)
Contemplated Transactions	1.3
Continuing Employee	5.5(a)
Contracts	2.11(a)(ii)
Dispute Notice	1.5(c)
DOL	2.23(b)
DSG	Preamble
Earn-Out Accountants	1.6(d)
Earn-Out Dispute Notice	1.6(c)
Earn-Out Gross Profit Targets	1.6(a)
Earn-Out Gross Profits	1.6(a)
Earn-Out Income Statement	1.6(b)
Earn-Out Payment	1.6(a)
Earn-Out Period	1.6(a)
Earn-Out Statement	1.6(b)
ERISA	2.23(a)
ERISA Affiliate	2.23(c)
Escrow Agent	Preamble
Escrow Agreement	Preamble
Escrow Deposit	Preamble
Estimated Closing Statement	1.5(a)
Estimated Net Working Capital	1.5(a)
Financial Statements	2.6(b)
GAAP	Other
Gleeson	Preamble
Governmental Authorities	2.9
Indemnified Party	9.6
Indemnifying Party	9.6
Independent Accountants	1.5(d)
IRS	2.8(l)
Laws	2.9
Leased Real Property	2.15(b)
Liabilities	2.21
Loss	9.2(a)
Losses	9.2(a)
Lower Earn-Out Gross Profit Target	1.6(a)
Middle Earn-Out Gross Profit Target	1.6(a)
Multiemployer Plan	2.23(a)
Myers	Preamble
Orders	2.9
Owner	Other
Parties	Preamble

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PBGC	2.23(b)
Permits	2.10
Plans	2.23(a)
Pledge	1.7
Pledged Shares	1.7
Policy Info	2.19(i)
Post-Closing New Hires	5.5(e)
Pre-Closing Taxable Periods	8.3(a)
Pre-Closing Taxes	8.1(a)
Privacy Policies	2.19(i)
Purchase Price	1.2
Purchaser	Preamble
Purchaser Basket Exclusions	9.5(a)
Purchaser Indemnified Parties	9.2(a)
Purchaser Required Consents	4.4(a)
Qualified Plan	2.23(d)
Real Property Leases	2.15(b)
Release Cap Amount	1.5(f)
Required Consents	6.2(e)
Restricted Period	7.1(a)(i)
Restrictive Covenants	7.2
Scheduled Employees	5.5(a)
S-Corporation	2.8(n)
Seller Basket Exclusions	9.3(a)
Seller DC Plan	5.5(e)
Seller Indemnified Parties	9.4
Seller Required Consents	3.4(a)
Sellers	Preamble
Sellers' Broker	2.27
Shared Services Agreement	Preamble
Shares	Preamble
Similar WARN Laws	2.23(j)
Stock	2.4(a)
Straddle Period	8.4
Subordination and Intercreditor Agreement	Recitals
Tangible Property	2.18
Tax Contest	8.2(a)
Tax Indemnified Purchaser Parties	8.1(a)
Tax Indemnified Purchaser Party	8.1(a)
Tax Indemnified Seller Parties	8.1(b)
Tax Indemnified Seller Party	8.1(b)
Tax Loss	8.1(a)
Tax Losses	8.1(a)
Tax Sharing Agreements	2.8(h)
Upper Earn-Out Gross Profit Target	1.6(a)
Use	2.19(a)

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WARN Act 2.23(j)

10.2 Consent to Jurisdiction. Any Claim arising out of or relating to this Agreement or any of the other Transaction Documents or the Contemplated Transactions may be instituted in any federal court of the Southern District of New York or any state court located in New York County, State of New York, and each Party and the College agrees not to assert, by way of motion, as a defense or otherwise, in any such Claim, any Claim that it is not subject personally to the jurisdiction of such court, that the Claim is brought in an inconvenient forum, that the venue of the Claim is improper or that this Agreement or any of the other Transaction Documents or the subject matter hereof or thereof may not be enforced in or by such court. Each Party and the College further irrevocably submits to the jurisdiction of such court in any such Claim.

10.3 Notices. Any notice or other communication required or permitted under this Agreement shall be in writing and shall be delivered personally, sent by e-mail or facsimile transmission or sent by overnight courier or certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally, or sent by e-mail or facsimile transmission or, if mailed, five days after the date of deposit in the United States mails, as follows:

(a) if to the Purchaser, to:

Electrograph Systems, Inc.
50 Marcus Boulevard
Hauppauge, New York 11788
Attention: Alan Marc Smith
Telephone: (631) 436-2666
Facsimile: (631) 951-8666

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064
Attention: Carl L. Reisner, Esq.
Telephone: (212) 373-3000
Facsimile: (212) 757-3990

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(b) if to the Sellers, at the address listed on Schedule 2.4(a),

with a copy to:

Preston Gates & Ellis LLP
945 Fourth Avenue, Suite 2900
Seattle, WA 98104-1158
Attention: G. Scott Greenburg
Telephone: (206) 370-6797
Facsimile: (206) 370-6075

In the cases of notices to Brad Gleeson, a copy to:

Shiers, Chrey, Cox, Digiovanni,
Zak & Kambich LLP
600 Kitsap Street, Suite 202
Port Orchard, WA 98366
Attention: Ken Kambich
Telephone: (360) 875-4455
Facsimile: (360) 876-0169

Any Party may by notice given in accordance with this Section to the other Parties designate another address or Person for receipt of notices under this Agreement.

10.4 Entire Agreement. This Agreement and each of the other Transaction Documents and any other collateral agreements executed in connection with the consummation of the Contemplated Transactions (including the confidentiality agreement entered into by the Parties and the College in connection with the Contemplated Transactions) contain the entire agreement among the Parties and the College with respect to the purchase of the Shares and supersede all prior agreements, written or oral, with respect thereto.

10.5 Waivers and Amendments; Non-Contractual Remedies; Preservation of Remedies. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms of this Agreement may be waived, only by a written instrument signed by the Purchaser and the Sellers, in the case of a waiver, by the Party (or the College) waiving compliance, and no such waiver will be applicable except in the specific instance for which it is given. No failure or delay on the part of any Party or the College in exercising any right, power or privilege under this Agreement shall operate as a waiver of any such right, power or privilege, nor shall any waiver on the part of any Party or the College of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any further exercise of any such right, power or privilege or the exercise of any other such right, power or privilege.

10.6 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State.

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10.7 Assignment; Successors; No Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by any of the Parties or the College without the prior written consent of the other Parties, which consent will not be unreasonably withheld, except that the Purchaser may assign, in its sole discretion, any or all of its rights, interests and obligations under this Agreement by operation of law, to any of its Affiliates (provided, that the Purchaser shall not be relieved of any of its obligations hereunder) or to any bank or other financial institution (and successors and assigns of such banks and financial institutions) that may provide financing for the Contemplated Transactions or otherwise may provide financing from time to time to the Purchaser, including, without limitation, pursuant to that certain (i) Credit Agreement dated as of August 1, 2005 (as the same may be amended, restated, supplemented or otherwise modified from time to time), among Purchaser, the lenders from time to time thereto and Antares Capital Corporation, as administrative agent and (ii) Second Lien Credit Agreement dated as of August 1, 2005 (as the same may be amended, restated, supplemented or otherwise modified from time to time), among Purchaser, the lenders from time to time thereto and D.B. Zwirn Special Opportunities Fund, L.P. Subject to the preceding sentence, this Agreement shall apply to, be binding in all respects upon, and inure to the benefit of the Parties or the College and their respective successors and assigns. Nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties and the College 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 terms and conditions are for the sole and exclusive benefit of the Parties and the College and their successors and assigns.

10.8 Usage. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require. All terms defined in this Agreement in their singular or plural forms have correlative meanings when used in this Agreement in their plural or singular forms, respectively. Unless otherwise expressly provided, the words "include," "includes" and "including" do not limit the preceding words or terms and shall be deemed to be followed by the words "without limitation."

10.9 Counterparts. This Agreement may be executed by each of the Parties and the College in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all of the Parties and the College.

10.10 Exhibits and Schedules; Cross References. The Exhibits and Schedules are a part of this Agreement as if fully set forth herein and all references to this Agreement shall be deemed to include the Exhibits and Schedules. All references herein to Sections, Exhibits and Schedules shall be deemed references to such parts of this Agreement, unless the context shall otherwise require. Disclosure of any fact or item in any Schedule or supplement to any Schedule hereto referenced by a particular Section in this Agreement shall not be deemed disclosed with respect to any other Section or

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Schedule unless an explicit cross-reference appears indicating the other Sections or Schedules to which such fact or item also relates.

10.11 Headings. The headings in this Agreement are for reference only, and shall not affect the interpretation of this Agreement.

10.12 Interpretation. The Parties and the College acknowledge and agree that: (i) each Party and the College and its counsel reviewed and negotiated the terms and provisions of this Agreement and have contributed to its revision; (ii) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement; and (iii) the terms and provisions of this Agreement shall be construed fairly as to all of the Parties and the College, regardless of which Party or the College was generally responsible for the preparation of this Agreement.

10.13 Severability of Provisions.

(a) If any provision or any portion of any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, the remaining portion of such provision and the remaining provisions of this Agreement shall not be affected thereby.

(b) If the application of any provision or any portion of any provision of this Agreement to any Person or circumstance shall be held invalid or unenforceable by any court of competent jurisdiction, the application of such provision or portion of such provision to Persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby.

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

PURCHASER:

ELECTROGRAPH SYSTEMS, INC.

By: ______________________________
Name:
Title:

SELLERS:

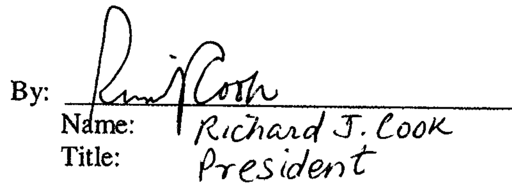
Name: Herbert H. Myers

Name: Brad Gleeson

[Signature Page to Stock Purchase Agreement]

COLLEGE (solely for the limited purposes set forth in Articles I and X):

ALLEGHENY COLLEGE



By: ______________________
Name: Richard J. Cook
Title: President

[Signature Page to Stock Purchase Agreement]

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

PURCHASER:

ELECTROGRAPH SYSTEMS, INC.

By:
Name:
Title:

SELLERS:

____
Name: Herbert H. Myers

____
Name: Brad Gleeson

[Signature Page to Stock Purchase Agreement]