

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
INTERLAND, INC.		08/31/2005	CORPORATION: MINNESOTA
RECEIVING PARTY DATA			
Name:	Peer 1 Acquisition Corporation		
Street Address:	555 West Hastings Street		
Internal Address:	Suite 1600		
City:	Vancouver, British Columbia		
State/Country:	CANADA		
Postal Code:	V6B 4N5		
Entity Type:	CORPORATION: DELAWARE		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Registration Number:	2371005	HOSTPRO	
Registration Number:	2440125	INNERHOST	
CORRESPONDENCE DATA			
Fax Number:	(404)962-6836		
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>			
Phone:	404-885-3697		
Email:	trademarks@troutmansanders.com		
Correspondent Name:	Anne E. Yates, Esq.		
Address Line 1:	600 Peachtree Street, N.E.		
Address Line 2:	Troutman Sanders LLP - Suite 5200		
Address Line 4:	Atlanta, GEORGIA 30308-2216		
ATTORNEY DOCKET NUMBER:	12362.109892		
DOMESTIC REPRESENTATIVE			

OP \$65.00 2371005

Name: Michael D. Hobbs, Jr., Esq.
Address Line 1: 600 Peachtree Street, N.E.
Address Line 2: Troutman Sanders LLP - Suite 5200
Address Line 4: Atlanta, GEORGIA 30308-2216

NAME OF SUBMITTER:	Anne E. Yates, Esq.
Signature:	/aey/
Date:	08/02/2006

Total Attachments: 41

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ASSET PURCHASE AGREEMENT

dated as of August 31, 2005

by and between

PEER 1 ACQUISITION CORPORATION,

a Delaware corporation,

and

INTERLAND, INC.,

a Minnesota corporation

This ASSET PURCHASE AGREEMENT dated as of August 31, 2005, is made and entered into by and among Peer 1 Acquisition Corporation, a Delaware corporation ("Purchaser") and INTERLAND, INC., a Minnesota corporation ("Seller"). Capitalized terms not otherwise defined herein have the meanings set forth in Article 8.

WHEREAS, as part of its web hosting business line, Seller owns and operates a line of products and services, including dedicated server, managed dedicated server and complex managed dedicated server services that provide Dedicated Hosting Services ("Business"); and

WHEREAS, Seller desires to sell, transfer and assign to Purchaser, and Purchaser desires to purchase and acquire from Seller, all of the assets that are necessary or incidental for the daily operation of the Business by Purchaser following Closing, and in connection therewith, Purchaser has agreed to assume certain enumerated liabilities of Seller relating to the Business, all on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1.

SALE OF ASSETS AND CLOSING

1.1 Assets. (a) Assets to be Transferred to Purchaser. On the terms and subject to the conditions set forth in this Agreement, Seller, on behalf of itself and its Subsidiaries (as defined below in Section 1.4(b)), hereby agrees to sell, transfer, convey, assign and deliver to Purchaser, and Purchaser hereby agrees to purchase and pay for, at the Closing, free and clear of all Liens other than Permitted Liens, all of Seller's and the Subsidiaries' right, title and interest in, to and under the assets of Seller and the Subsidiaries used primarily in the Business that are set forth on Schedule 1.1 hereto, including, without limitation the following (collectively, together with the Intellectual Property to be licensed or sublicensed to Purchaser pursuant to Section 1.1(b) below, the "Assets"):

(i) All notes and accounts receivable derived from the operation of the Business, including prepaid payments made to Seller for services to be rendered by Purchaser post-Closing under any Contract;

(ii) All prepaid and similar items connected with the Business, including all prepaid expenses, advance payments, security deposits, employee travel and expense advances and other prepaid items;

(iii) All spare parts inventories of the Business set forth in Section (a)(iii) of Schedule 1.1;

(iv) To the extent assignable, all leasehold interests used in the operation of the Business and owned leasehold improvements pertaining to the Leased Real Estate set forth in Section (a)(iv) of Schedule 1.1;

(v) Subject to the leases covering the Leased Real Estate, all personal property currently owned by Seller and now or since September 1, 2004 used exclusively in the operation of the Business wherever located, including all machinery and equipment, computer

equipment and systems, software, materials, furniture, office equipment, cars, trucks and other vehicles set forth in Section (a)(v) of Schedule 1.1;

(vi) All supplier lists pertinent to the Business, and all orders, contracts and commitments for the purchase of goods or services intended for use in the Business, including all such items relating to the purchase of capital assets, products and supplies, that are specifically set forth in Section (a)(vi) of Schedule 1.1;

(vii) All customer lists applicable to the Business and all purchase orders, contracts, commitments and proposals for the sale of goods or services by the Business;

(viii) All other orders, contracts and commitments pertaining to the Business, including all leases (whether or not capitalized), licenses (including the Outbound IP Licenses (as defined in Section 2.10 below), conditional sale or title retention agreements and guarantees, that are specifically set forth in Section (a)(viii) of Schedule 1.1 ("Contracts");

(ix) The Intellectual Property owned by Seller or licensed by Seller from third parties and listed on Section (a)(ix) of Schedule 1.1; provided that with respect to licenses for third party intellectual property that are defined as Non-Material Contracts, Purchaser is obligated to obtain any required third party consents for assignment as set forth below;

(x) All permits, franchises, licenses, bonds, approvals, qualifications and the like of the Business ("Permits") issued by any government or governmental unit, agency, board, body or instrumentality, whether federal, state or local and all applications therefor pertaining to the Business, and that are set forth in Section (a)(x) of Schedule 1.1, all to the extent assignable without depriving Seller of any Permit required for Seller's conduct of its retained business following Closing;

(xi) Copies of all business books and records of the Business, including copies of all financial, operating, inventory, personnel, payroll and customer records and all sales and promotional literature, correspondence and files; *provided, however*, that if any such books or records are subject to any legal privilege, the Parties agree to cooperate to protect such privilege to the extent practicable, and *provided further* that any such books and records shall not include any information relating to any Affiliates of Seller except to the extent reasonably necessary to enable Purchaser to conduct the Business as previously conducted by Seller; and

(xii) All other assets, tangible or intangible, owned by Seller or the Subsidiaries that are predominantly used in the Business and listed in Section (a)(xii) of Schedule 1.1.

(b) Assets to be Licensed to Purchaser or to which Purchaser will have Access.

(i) On the terms and subject to the conditions set forth in this Agreement and that certain Administrative Services Agreement dated as of the date hereof between Seller and Purchaser (the "Administrative Services Agreement"), Seller hereby agrees to grant a royalty-free, non-exclusive licenses to the Intellectual Property owned by Seller and listed on Section (b)(i) of Schedule 1.1 (which Intellectual Property will continue to be owned and used by Seller following Closing), which licenses may be transferred by Purchaser in connection with a future sale of the Business subject to the licenses to Purchaser granted in this Section 1.1(b)(i). The license granted hereunder shall be perpetual with respect to the software source code identified in Section (b)(i) of Schedule 1.1, provided that the perpetual license shall not apply to

any third party products identified in Section 1.1(b)(ii) which may be embedded in such source code. Seller is not making any representations or warranties with respect to which portions of such source code are covered by the license; and

(ii) Pursuant to the terms of the Transition Agreements, Seller shall provide Purchaser with access to, or the ability for its customers to use, the third party Intellectual Property licensed by Seller from third parties listed on Section 1.1 (b)(ii) of Schedule 1.1, to the extent permitted by such third party licenses. Seller shall continue to retain the license to, and continue to use, the foregoing Intellectual Property following Closing.

(c) Excluded Assets. Notwithstanding anything to the contrary contained in Section 1.1 or elsewhere in the Agreement, the assets listed in Section (c) of Schedule 1.1 (collectively, the "Excluded Assets") are not part of the sale and purchase contemplated hereunder, are excluded from the Assets and shall remain the property of Seller, or the Subsidiaries, after the Closing.

1.2 Liabilities.

(a) Assumed Liabilities. In connection with the sale, transfer, conveyance, assignment and delivery of the Assets pursuant to this Agreement, on the terms and subject to the conditions set forth in this Agreement, at the Closing, Purchaser hereby agrees to assume and to pay and perform and discharge when due the obligations of Seller under the Contracts specifically listed on Schedules 1.1 and 2.11, excluding any obligations of Seller under such Contracts which obligations result from Seller's violation or breach of any such Contract, and all liabilities taken into account in the Closing Working Capital Amount that are specifically set forth on Schedule 1.2(a) (collectively, the "Assumed Liabilities"), and no others.

(b) Retained Liabilities. Notwithstanding any other provision of this Agreement, except for the Assumed Liabilities, Purchaser shall not assume by virtue of this Agreement or the transactions contemplated hereby, and shall have no liability for, any Liabilities or obligations of Seller or its Affiliates (including, without limitation, those related to the Business) of any kind, character or description whatsoever, whether actual or contingent, direct or indirect, matured or unmatured, liquidated or unliquidated, or known or unknown, whether arising out of occurrences prior to, at or after the date of the Agreement (the "Retained Liabilities"). Seller hereby acknowledges that it is retaining the Retained Liabilities, and Seller agrees to pay, discharge and perform all such liabilities and obligations promptly as and when due. Without limiting the generality of the foregoing, Purchaser shall not assume or be obligated to pay, perform or discharge any liabilities, obligations or commitments of Seller or its Affiliates relating to or arising out of any of the following, whether or not disclosed in any schedule to this Agreement:

(i) Transaction Documents. All liabilities and obligations arising out of Seller's obligations under this Agreement and the other documents executed in connection with the transactions contemplated herein;

(ii) Taxes. All liabilities for current and deferred federal, state and local Taxes of Seller or its Affiliates.

(iii) Indebtedness. All liabilities and obligations to repay indebtedness for borrowed money incurred by Seller, or any of its Affiliates including applicable lines of credit and guarantees of third party obligations;

(iv) Professional Fees. All liabilities and obligations of Seller or its Affiliates for fees, costs and expenses of attorneys, independent public accountants, investment bankers or other representatives incurred in connection with the negotiation, preparation or consummation of this Agreement and the transactions contemplated herein;

(v) Litigation. All liabilities and obligations of Seller or its Affiliates relating to the Business arising out of any Action based on any state of facts or events occurring on or prior to the Closing Date;

(vi) Employment Matters. All liabilities and obligations of Seller or its Affiliates for any workers' compensation, Taxes or withholdings or similar items and any wages, bonuses, commissions, sick pay or vacation payments, severance payments or other compensation arising or accruing on or prior to the Closing Date;

(vii) Employee Plans. All liabilities or obligations of Seller or its Affiliates, arising prior to, on or after the Closing, to provide benefits to former or current employees of Seller and their dependents under any employee benefit plan of Seller and any other benefit or compensation plan, fund, arrangement or agreement of Seller; and

(viii) Violation of Law. Any violation or non-compliance with any Laws by Seller or its Affiliates relating to the operation of the Business prior to Closing, and any liabilities or obligations of Seller or its Affiliates under any Environmental Laws due to past or present actions, activities of Seller or its Affiliates, or any, circumstances, conditions, events or incidents created by Seller or its Affiliates, including the release, emission, discharge, presence or disposal of any Hazardous Substance.

1.3 Purchase Price; Escrow; Allocation.

(a) Purchase Price. The purchase price for the Assets and other obligations of Seller under this Agreement shall be [REDACTED] (the "Purchase Price"), as adjusted in accordance with the provisions set forth in Sections 1.6 and 1.7. The Purchase Price shall be payable as follows (subject to such adjustments):

(i) Cash Payment. At the Closing, the Purchaser shall deliver to Seller an amount equal to the Purchase Price (as adjusted pursuant to Section 1.7(a)) less the Escrow Amount (as defined in Section 1.3(a)(ii) below (the "Cash Payment") by wire transfer of immediately available United States funds to such bank account as Seller designates to Purchaser in writing.

(ii) Escrow. Concurrently with the Closing, Purchaser shall deposit an amount equal to 20% of the Purchase Price (prior to adjustment) (the "Escrow Amount") in escrow with a third party escrow agent mutually agreeable to Seller and Purchaser pursuant to an escrow agreement in substantially the same form as attached hereto as Exhibit A (the "Escrow Agreement").

(b) Allocation. The parties agree that the Purchase Price, as adjusted hereunder, and all other amounts constituting consideration within the meaning of Section 1060 of the Code (the "Consideration"), shall be allocated among the Assets in accordance with Section 1060 of the Code. No later than thirty (30) days after the determination of the Working Capital Adjustment, the Purchaser shall cause to be prepared and delivered to the Seller a schedule allocating the Consideration to the Assets (the "Purchase Price Allocation"). The Seller shall have the right to review the Purchase Price Allocation and

any work sheets and other papers prepared in connection with the Purchase Price Allocation. The Seller will be deemed to have accepted such Purchase Price Allocation unless it provides written notice of disagreement to the Purchaser within 15 days after the receipt of the Purchaser's Purchase Price Allocation. If the Seller timely provides such notice, the Purchaser and the Seller shall use commercially reasonable efforts to resolve any dispute between them concerning the Purchase Price Allocation. If Seller and Purchaser are able to resolve such dispute (or if Seller has accepted or has been deemed to accept the Purchase Price Allocation), the Purchaser and the Seller shall file or cause to be filed all Tax Returns (including IRS Form 8594) consistent with the Purchase Price Allocation, and neither the Purchaser nor the Seller (or any of their respective Affiliates) will take a position inconsistent with the Purchase Price Allocation on any Tax Return, in any proceeding before any taxing authority or otherwise. If a taxing authority disputes the Purchase Price Allocation, the party receiving notice of the dispute will promptly notify the other party hereto concerning such dispute. In the event there is any Purchase Price adjustment hereunder, the Purchaser and the Seller agree to adjust such Purchase Price Allocation to reflect such Purchase Price adjustment and to file consistently any Tax Returns required as a result of such Purchase Price adjustment. Notwithstanding anything herein to the contrary, if the parties do not agree to the Purchase Price Allocation, neither party shall be obligated to utilize the Purchase Price Allocation of the other in the preparation of any Tax Return.

1.4 Method of Conveyance. (a) At the Closing, (i) Seller will assign and transfer to Purchaser good and valid title in and to the Assets (free and clear of all Liens, other than Permitted Liens) by delivery of good and sufficient instruments of conveyance, assignment and transfer (the "Assignment Instruments"), in form and substance reasonably acceptable to Purchaser's counsel, as shall be effective to vest in Purchaser good and valid title to the Assets free and clear of any Liens other than Permitted Liens; (ii) Purchaser will assume from Seller the due payment, performance and discharge of the Assumed Liabilities by delivery of good and sufficient instruments of assumption, in form and substance reasonably acceptable to Seller's counsel, as shall be effective to cause Purchaser to assume the Assumed Liabilities as and to the extent provided in Section 1.2(a) (the "Assumption Instruments"); (iii) Purchaser and Seller shall enter into: the several transition agreements in the form of Exhibit B hereto (collectively the "Transition Agreements").

(b) Notwithstanding anything to the contrary contained herein, the parties hereto acknowledge that the right, title and interest in the Assets set forth on Schedule 1.4(b) are owned by subsidiaries of Seller listed on such schedule (the "Subsidiaries"), which Assets shall be transferred at Closing in accordance with Section 4.4.

1.5 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place on August 31, 2005 (the "Closing Date"), at the offices of Arnall Golden Gregory LLP, Atlanta, Georgia at 10:00 a.m. The Closing shall be deemed effective as of 11:59 p.m., Atlanta time, on the Closing Date.

1.6 Adjustments to Purchase Price. The Purchase Price shall be (i) increased on a dollar-for-dollar basis by the excess, if any, of the Closing Working Capital Amount over the Target Working Capital Amount and (ii) decreased on a dollar-for-dollar basis by the excess, if any, of the Target Working Capital Amount over the Closing Working Capital Amount (the "Working Capital Adjustment").

1.7 Determination of Adjustments. (a) At Closing, Seller shall deliver to the Purchaser an officer's certificate, certifying as to (i) the estimated Closing Working Capital Amount (the "Seller Statement of Adjustments"), as of August 31, 2005 the "Adjustment Date", which certificate shall be accompanied by a statement of such amount prepared in good faith from the books

and records of the Business in accordance with the methodology used to prepare Annex A. The Purchase Price payable at the Closing shall be determined using the Seller Statement of Adjustments.

(b) As soon as practicable, but in any event within 60 days after the Closing Date, the Purchaser shall cause to be prepared and delivered to the Seller a statement (the "Purchaser Statement of Adjustments") certifying as to the Purchaser's determination of (i) the Closing Working Capital Amount as of the Closing Date, prepared in good faith from the books and records of the Business in accordance with the methodology used to prepare Annex A. The Purchaser Statement of Adjustments shall certify the amount payable by the Seller to the Purchaser, or by the Purchaser to the Seller, pursuant to Section 1.7(e).

(c) Upon receipt of the Purchaser Statement of Adjustments, the Seller shall have the right during the succeeding 15-day period (the "Review Period") to examine the Purchaser Statement of Adjustments, and all books and records used to prepare the Purchaser Statement of Adjustments. If the Seller objects to the Purchaser's determination of the Closing Working Capital Amount, they shall so notify the Purchaser in writing (such notice, a "Disagreement Notice") on or before the last day of the Review Period, setting forth a specific description of the Seller's objection and the amount of the adjustment to the Purchaser's determination of such amounts and allocation which the Seller reasonably believes should be made. If no Disagreement Notice is delivered within the Review Period, the Purchaser Statement of Adjustment shall be deemed to have been accepted by the parties hereto. The Purchaser will, and will cause the Business to, provide the Seller full access (during normal business hours and upon reasonable prior notice to Purchaser) to the books, ledgers, files, reports and operating records of the Business and the then current employees of the Business, and will fully cooperate in allowing Seller to review the Purchaser Statement of Adjustments. Any amounts and allocation that are not in dispute shall be paid promptly (and prior to the resolution of any amounts that are in dispute) in accordance with Section 1.7(e) and Section 1.7(f).

(d) Dispute Resolution.

(i) In the event that a Disagreement Notice is delivered in accordance with Section 1.7(c), the Purchaser and the Seller shall attempt to resolve the objections set forth therein within 30 days of receipt of such Disagreement Notice. The objections set forth in the Disagreement Notice that are resolved by the Purchaser and the Seller in accordance with this Section 1.7(d)(i) shall collectively be referred to herein as the "Resolved Objections." The Purchaser Statement of Adjustments shall be adjusted to reflect any Resolved Objections. Any amounts that constitute Resolved Objections shall be paid promptly (and in any event no later than three (3) Business Days following such resolution in accordance with Section 1.7(e) and Section 1.7(f)).

(ii) If the Purchaser and the Seller are unable to resolve all the objections set forth in the Disagreement Notice within such 30-day period they shall jointly submit such disagreement within five days of the end of such 30-day period to Deloitte & Touche LLP (Atlanta office), or another mutually agreeable nationally recognized audit firm that has not been engaged by any of the parties hereto (or their respective Affiliates) within a period of three years prior to the date hereof (the "CPA Firm"). If the Purchaser and Seller cannot agree on the appointment of the CPA Firm, then the CPA Firm shall be drawn by lot from the names of an equal number of nationally recognized audit firms submitted by the Purchaser and Seller hereto that have not been engaged by any of the parties hereto (or their respective Affiliates) within a period of three years prior to the date hereof. The CPA Firm shall review the objections set forth in the Disagreement Notice that are not Resolved Objections (collectively, the "Differences"). The CPA Firm shall determine, only with respect to Differences submitted to the CPA Firm, the

Closing Working Capital Amount prepared from the books and records of the Business in accordance with GAAP Practices. The CPA Firm shall be instructed to make its determination promptly after its appointment. The Purchaser and the Seller shall each pay 50% of the fees and disbursements of the CPA Firm. The Purchaser and the Seller shall, and the Purchaser shall cause the Business to, provide to the CPA Firm full cooperation. The CPA Firm's resolution of the Differences shall be conclusive and binding upon the parties, except in the case of manifest error. The Differences as resolved by the CPA Firm in accordance with this Section 1.7(d)(ii) shall collectively be referred to herein as the "CPA-Determined Differences."

(e) The Closing Working Capital Amount as finally determined in accordance with Section 1.7(c) and (d), shall be used to recalculate the adjustment, if any, to the Purchase Price initially made pursuant to the Section 1.7(a).

(f) On or before the fifth day following (or, if not a Business Day, on the next Business Day) the latest to occur of (x) the 30th day following receipt by the Seller of the Purchaser Statement of Adjustments, (y) the resolution by the Purchaser and the Seller of all objections set forth in the Disagreement Notice, if any, and (z) the resolution by the CPA Firm of all Differences, if any, the recalculation required by Section 1.7(e) shall be made and the Purchaser shall pay to the Seller the amount of any increase in the Purchase Price beyond that received by the Seller in the aggregate prior thereto, or the Seller shall return to the Purchaser the excess amount of the Purchase Price received by the Seller in the aggregate prior thereto (in either case, a "Purchase Price Adjustment Payment"). A Purchase Price Adjustment Payment shall be made (i) in the case of a payment to the Purchaser, by the Seller by wire transfer of immediately available funds to a bank account or accounts designated by the Purchaser and (ii) in the case of a payment to the Seller, by the Purchaser by wire transfer of immediately available funds to a bank account or accounts designated by the Seller.

1.8 Further Assurances; Post-Closing Operations. (a) At any time or from time to time after the Closing, at Purchaser's request and without further consideration, Seller shall execute and deliver to Purchaser such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as Purchaser may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to Purchaser, and to confirm Purchaser's title to, all of the Assets. Except as otherwise provided herein, after the Closing Purchaser shall have sole and absolute discretion over the operation of the Business or as provided in the Transition Agreements, and exploitation and disposition of the Assets.

(b) At any time or from time to time after the Closing, Purchaser shall not prohibit those persons who at the time of Seller's request for assistance, with reasonable notice, are employed by Purchaser and listed on Schedule 1.8(b) ("Cooperating Employees") from assisting Seller in the defense of the law suits listed opposite their name on Schedule 1.8(b). Purchaser shall grant those Cooperating Employees time off from work to provide such assistance to Seller, and Seller shall reimburse Purchaser for any reasonable expense Purchaser incurs as a result thereof. Purchaser will also reasonably cooperate with Seller in making available any of Purchaser's employees, who were formerly employed by Seller, whom Seller may need to assist it in the defense of any post-Closing litigation, provided that Seller shall reimburse Purchaser for any reasonable expense Purchaser incurs as a result thereof.

ARTICLE 2.

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller (for purposes of Section 2.3(c), 2.4, 2.5, 2.9, 2.10, 2.11 and Section 2.17 only, the definition of the term "Seller" shall include the Subsidiaries of Seller that own the Assets set forth on Schedule 1.4(b)) hereby represents and warrants to Purchaser as follows:

2.1 Organization of Seller. Seller (i) is a corporation duly organized, validly existing and in good standing under the Laws of the State of Minnesota and (ii) has full power and authority to conduct the Business as and to the extent now conducted and to own, use and lease the Assets.

2.2 Authority. Seller has full power and authority, on behalf of itself and its Subsidiaries, to execute and deliver this Agreement and the Operative Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, including without limitation to sell and transfer (pursuant to this Agreement) the Assets. The execution and delivery by Seller of this Agreement and the Operative Agreements to which it is a party, and the performance by Seller of its obligations hereunder and thereunder, have been duly and validly authorized by the board of directors of the Seller, no other corporate action on the part of Seller or any of its stockholders being necessary. This Agreement has been duly and validly executed and delivered by Seller and constitutes, and upon the execution and delivery by Seller of the Operative Agreements to which it is a party, such Operative Agreements will constitute, legal, valid and binding obligations of Seller and its applicable subsidiaries enforceable against them, in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws and subject to limitations imposed by general equitable principles.

2.3 No Conflicts. The execution and delivery by Seller of this Agreement do not, and the execution and delivery by Seller of the Operative Agreements to which it is a party, the performance by Seller of its obligations under this Agreement and the Operative Agreements and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the Certificate of Incorporation (or other comparable corporate charter documents) of Seller;

(b) conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to Seller or any of its Assets; or

(c) subject to the Consents referred to in Section 2.4 and except in respect of Contracts relating to services to be provided pursuant to the Transition Agreements, (i) conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default under, (iii) require Seller to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, or (iv) result in the creation or imposition of any Lien upon Seller or any of its Assets under, any Material Contract or License to which Seller is a party or by which any of its Assets is bound, which, in the case of clause (b) above and this clause (c), would have a Material Adverse Effect on the Business or Assets.

2.4 No Consents. No permit, consent, approval, novation, authorization or other Order of or filing with any Governmental or Regulatory Authority or any other Person is required with respect to Seller (or its Affiliates) in connection with the execution, delivery and consummation of this

Agreement and the Operative Agreements, or the actions of Seller contemplated hereby, or to permit Purchaser to continue to conduct the Business as it is currently conducted following the purchase of the Assets by Purchaser pursuant hereto, except for (a) compliance with any applicable requirements of the Securities Act and the Exchange Act, (b) the consents to the assignment of the Material Contracts listed on Schedule 2.4 attached hereto and (c) any other permits, consents, approvals, novations, authorizations and other filings or orders (i) relating to Non-Material Contracts (as defined in and subject to Section 4.1(b)(ii)) or (ii) which, if not obtained from such respective contracting party or made, would not have individually or in the aggregate a Material Adverse Effect on the Business or the Assets.

2.5 Taxes. Except as disclosed on Schedule 2.5, there are no pending or, to the Knowledge of Seller threatened, actions or proceedings, assessments or collections of Taxes of any kind with respect to the Business that could subject Purchaser to any liability for Taxes for any period (or portion thereof) ending or prior to the Closing Date or could impair any of the Assets.

(a) There are no Liens for Taxes upon any of the Assets or any property with respect to the Business, except for Permitted Liens.

(b) None of the Assets is property (i) which Seller or Purchaser is or will be required to treat as owned by another person pursuant to the provisions of Section 168(f) of the Internal Revenue Code of 1954 (as in effect immediately prior to the Tax Reform Act of 1986); (ii) is "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code; (iii) is property used predominately outside the United States within the meaning of Prop. Treas. Reg. § 1.168-2(g)(5); or (iv) is "tax-exempt bond financed property" within the meaning of Section 168(g)(5) of the Code.

(c) Except as disclosed on Schedule 2.5, there are no unpaid Taxes of the Seller for which Purchaser may become liable.

(d) Schedule 2.5 discloses all jurisdictions in which the Business is doing business and where it is required to file Tax Returns.

(e) The Seller is not a foreign person within the meaning of Section 1445(b)(2) of the Code.

(f) Purchaser is not required to withhold from the Purchase Price any amounts for Taxes of Seller.

2.6 Legal Proceedings. As of the date of this Agreement, except as set forth on Schedule 2.6, there is no suit, action, hearing claim, audit, compliance review, legal, administrative, arbitration, citation, unfair labor practice charge, employment discrimination charge or other proceeding pending or, to the Knowledge of Seller, threatened, nor to the Knowledge of Seller, any investigation pending or threatened affecting the Business, Seller or any of the Assets before any Governmental or Regulatory Authority which would have a Material Adverse Effect on the Business or the Assets or that would reasonably be expected to materially adversely affect the ability of Seller to consummate the transactions contemplated hereby; and there is no judgment, decree, injunction, ruling, award, charge, Order or writ of any Governmental or Regulatory Authority outstanding against, binding upon or involving the Business or the Assets. Neither Seller nor, to Seller's Knowledge, any of its directors, officers or employees is currently charged with or, to Seller's Knowledge, is currently under such investigation with respect to, any violation of any provision of any legal Rule in respect of the Business.

2.7 Legal Compliance. Except with respect to Taxes and Environmental Laws which are subject to Section 2.5 and 2.17, respectively, Seller is in compliance with all Legal Rules applicable to it, except for violations which in the aggregate would not have a Material Adverse Effect with respect to the Business or the Assets, or materially impede Purchaser's ability to use and enjoy the Assets in a manner substantially similar to the manner in which the Assets were used and enjoyed by Seller in its conduct of the Business. Seller owns, holds or possesses or lawfully uses in its operation of the Business all permits, certificates, licenses, approvals and other authorizations ("Authorizations") required in connection with the operation of the Business as now conducted, all of which are valid and effective, except for those which in the aggregate, if not obtained or valid and effective, would not have a Material Adverse Effect on the Business or the Assets. All such Authorizations are listed and described on Schedule 2.7. Seller shall be solely responsible for all notices and payment obligations arising under the Worker Adjustment and Retraining Act or any comparable state or local law with respect to the termination or layoff by Seller of any of the employees of the Business which occurs on or before the Closing. Seller further agrees to indemnify and hold Purchaser harmless for any costs, legal fees, liability or damages or claims asserted against Seller arising out of Seller's failure to provide the required notices or payments with respect to such terminations or layoffs.

2.8 ERISA Matters. Purchaser will incur no liability with respect to, or on account of, and Seller will retain any liability for, and on account of, any Benefit Plan. Except as set forth on Schedule 2.8, neither Seller nor any of its Affiliates has, since August 31, 2001, with respect to any Employee, maintained or contributed to, or been obligated or required to contribute to, any Plan. Seller has complied, in all material respects, with its obligations (including obligations to make contributions) in respect of the Benefit Plans, there is no material outstanding liability of Seller or any of its respective Affiliates to any such Benefit Plan and all such Benefit Plans are, to the extent required by applicable law, fully funded to meet potential claims for benefits by such employees and any former employee. Neither Seller nor any of its Affiliates has or has had, any liability, contingent or otherwise, (i) under a multiemployer plan as defined in Section 3(37) of ERISA, (ii) under any Plan or arrangement that provides post-retirement welfare benefits except as may be required under Section 4980B of the Code, or (iii) under any Plan that is subject to Title IV of ERISA or Section 412 of the Code.

2.9 Title to Assets; Business. Seller owns all right, title and interest in, and has good title to, or in the case of leased Assets, a valid leasehold interest in, all of the Assets, free and clear of any and all Liens, except for Permitted Liens and except as set forth on Schedule 2.9. With regard to leasehold interests in real property used in the operation of the Business ("Leased Real Estate"), Seller enjoys peaceful possession of the Leased Real Estate. Except in respect of services to be provided pursuant to the Transition Agreements and except as set forth on Schedule 2.9, the sale of the Assets by Seller, including by subsidiaries of Seller set forth on Schedule 1.4(b), to Purchaser pursuant to this Agreement will effectively convey the Assets to Purchaser which are solely used in the Business as currently conducted and all of the tangible and intangible property used by Seller (whether owned, leased or held under license by Seller, by any of Seller's Affiliates or Associates or by others) solely in connection with the conduct of the Business as currently conducted by Seller.

2.10 Intellectual Property Rights. The Intellectual Property necessary to the conduct of the Business as conducted by Seller immediately prior to Closing is included in the Assets, except for the Excluded Intellectual Property (as defined in Section 4.7). All of the Intellectual Property included in the Assets is either the sole and exclusive property of Seller (the "Owned Intellectual Property") as set forth in Sections 1.1(a) and 1.1(b)(i) and Schedules 1.1(a)(ix) and 1.1(b)(i) or is the subject of an appropriate license from third parties in favor of Seller under a contract (the "Licensed Intellectual Property") as set forth in Sections 1.1(a) and 1.1(b)(ii) and Schedules

1.1(a)(ix) and 1.1(b)(ii). Schedule 2.10 sets forth all material Intellectual Property related to or used in the Business, including, without limitation, (1) trademarks, service marks, trade names and the like, including all common law marks, (2) patents, patent renewals and renewal rights, extension 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). Seller has not granted any third party any license to use the Owned Intellectual Property except for: (1) incidental licenses granted to customers of Seller for the purpose of permitting customers to utilize the services provided by Seller to such customers as part of the Business, (2) incidental licenses granted to Seller's vendors who provide services to Seller's customers and who may be deemed to have used the Owned Intellectual Property as part of the provision of such services, and (3) such licenses as are disclosed in Schedule 2.10 (collectively, "Outbound IP Licenses"). The Outbound IP Licenses granted to Seller's vendors and customers are limited to use by customers in connection with Seller's services or use by vendors in connection with delivering services to Seller or Seller's customers. With respect to the Owned Intellectual Property, (i) Seller has, except for the Outbound IP Licenses, the exclusive right to use the Owned Intellectual Property included in the Assets, (ii) all registrations with and applications to Governmental or Regulatory Authorities required in respect of such Owned Intellectual Property are valid and in full force and effect and, as of the Closing Date, all Taxes or maintenance fees or the taking of any other actions by Seller required to maintain their validity or effectiveness have been paid or taken, (iii) there are no restrictions on the direct or indirect transfer of such Owned Intellectual Property, (iv) Seller will deliver to Purchaser, on or within fifteen (15) business days after the execution of this Agreement, documentation, to the extent existing, with respect to any invention, process, design, computer program or other know-how or trade secret included in such Owned Intellectual Property, which documentation is accurate in all material respects, (v) Seller has taken security measures that Seller deems reasonable to protect the secrecy, confidentiality and value of any of its trade secrets included in the Owned Intellectual Property, provided, however, that such security measures were, in any event, as reasonably protective as the security measures Seller has taken with respect to its other confidential information and trade secrets, (vi) to the Knowledge of Seller, no such Owned Intellectual Property is being infringed by any other Person, (vii) to the Knowledge of Seller, no third party has asserted ownership rights in such Owned Intellectual Property, except as disclosed in Section 2.6, and (viii) no action is pending or, to the Knowledge of Seller, threatened, that seeks to limit, cancel or question the validity of Seller's right to own or use such Owned Intellectual Property except as disclosed in Schedule 2.6. With respect to the Licensed Intellectual Property and the Outbound IP Licenses, (a) Seller's conduct of the Business prior to the Effective Date is in material compliance with respect to any applicable contract governing the use of such Licensed Intellectual Property or Outbound IP Licenses, (b) Seller has received no notice from any party to an applicable contract that it is in breach of any material obligations in such contract, (c) to the Knowledge of Seller, there are no registrations with and applications to Governmental or Regulatory Authorities required in respect of such Licensed Intellectual Property or Outbound IP Licenses, (d) Seller will deliver to Purchaser, on or within fifteen (15) business days after the execution of this Agreement, all documentation in its possession relating to such Licensed Intellectual Property or Outbound IP Licenses; provided that Seller makes no representation as to the accuracy or completeness of such documentation, and (e) to the Knowledge of Seller, no party to any license agreement relating to Licensed Intellectual Property or Outbound IP Licenses is, or is alleged to be, in breach or default thereunder. Except as disclosed in Schedule 2.10, the use of the Assets and the operation of the Business does not infringe upon any Intellectual Property right of any third party, and no former or current employee, agent, consultant or independent contractor involved in the conception or development of Owned Intellectual Property has a valid claim of ownership to the Owned Intellectual Property. Except as otherwise provided in Schedule 2.6 or 2.10, Seller has not received notice that Seller is infringing any Intellectual Property of any other Person in connection with the conduct of the

Business, no claim is pending or, to Seller's Knowledge, has been made upon Seller to such effect that has not been resolved and, to Seller's Knowledge, Seller is not infringing any Intellectual Property of any other Person in connection with the conduct of the Business.

2.11 Material Contracts. As of the date hereof, Schedule 2.11 sets forth those written contracts, agreements, leases, licenses or instruments relating to the Business for which similar services and products are not readily commercially available from providers other than the current contracting party thereto or which are otherwise material to the operation of the Business (each a "Material Contract" and collectively the "Material Contracts"). Each Material Contract and, to the Knowledge of Seller, each Non-Material Contract (i) is valid, binding, enforceable and in full force and effect in accordance with its terms, (ii) subject to obtaining any necessary consents in respect thereto in accordance with Section 4.1 hereof, the consummation of the transactions contemplated herein will not affect the validity, binding nature or enforceability thereof, (iii) the Seller is not, and to Seller's Knowledge the other party thereto is not, in default thereof and (iv) to Seller's Knowledge, no event has occurred which with notice or lapse of time would constitute a breach or default, or permit termination, modification or acceleration thereunder.

2.12 Insurance. As of the date hereof, Seller holds and maintains the liability, property, workers' compensation and other insurance policies listed on Schedule 2.12, which are in effect and insure the Business, the Employees or the Assets. Each such insurance policy is valid and binding and in full force and effect, no premiums due thereunder have not been paid and Seller has not received any written notice of cancellation or termination in respect of any such policy or is in default thereunder. Neither Seller nor, to Seller's Knowledge, the Person to whom such policy has been issued has received written notice that any insurer under any policy referred to in this Section is denying liability with respect to a claim thereunder or defending under a reservation of rights clause. Purchaser acknowledges that effective upon the Closing none of the insurance policies set forth on Schedule 2.12 will be transferred to Purchaser and that from and after Closing none of such policies will cover any of the Business, Assets or Affected Employees.

2.13 Financial Statements. Seller has made available to Purchaser copies of (i) the unaudited pro forma financial statements of Seller, consisting of the pro forma working capital statements for the monthly periods between June 30, 2004 and July 31, 2005 (such working capital statement as of July 31, 2005 is referred to herein as the "Interim Working Capital Statement"), and the partial pro forma profit and loss statement for the period from March 31, 2004 through July 31, 2005 (together with the Interim Working Capital Statement, the "Financial Statements"). The partial pro forma profit and loss statement contained in the financial statements presents fairly in all material respects, the results of operations of the Business for the period covered thereby, subject, in the good faith belief of Seller, only to the exceptions set forth on Schedule 2.13. The Interim Working Capital Statement, with respect to the Assets and the Assumed Liabilities, presents fairly in all material respects, the working capital of the Business as of its date and, to the extent possible, was prepared on a consistent basis with the other Financial Statements.

2.14 Accounts Receivable. Except as set forth on Schedule 2.14, to Seller's Knowledge all accounts receivable of the Business that are reflected on the Interim Working Capital Statement (collectively, the "Accounts Receivable") to the extent outstanding as of the Adjustment Date represent valid obligations arising from sales actually made or services actually performed in the ordinary course of the Business. The reserves shown in the Interim Working Capital Statement have been calculated based on Seller's historical experience and are, to Seller's Knowledge, adequate for the continued operation of the Business from and after Closing in the manner conducted by Seller prior to Closing. To the Knowledge of Seller, there is no reasonable basis for concluding that the Accounts Receivable net of such reserve would not be collectible by Seller if Seller were to continue to conduct

the Business.. The Accounts Receivable aging report attached hereto as part of Schedule 2.14 is accurate at and as of July 31, 2005, and which report shall be updated as of the Closing Date and delivered to Purchaser within 5 days following the Closing.

2.15 Condition of Tangible Assets. All material facilities, equipment and other material items of tangible property and assets that are included in the Assets are in the aggregate in operating condition and repair, subject to normal wear and maintenance, and are usable in the regular and ordinary course of business, except any such assets which are set forth on Schedule 2.15.

2.16 Affiliate Transactions. Except as disclosed in Seller's Public Filings and other than with respect to Seller's wholly owned subsidiaries or as disclosed on Schedule 2.16, no officer, director, Affiliate or Associate of Seller or any Associate of any such officer, director or Affiliate provides or causes to be provided any assets, services or facilities used or held for use in connection with the Business, and the Business does not provide or cause to be provided any assets, services or facilities to any such officer, director, Affiliate or Associate.

2.17 Environmental Matters. To Seller's Knowledge, except as set forth on Schedule 2.17 attached hereto, the present and former activities of Seller on all real property owned, leased or subleased related to the Business is in material compliance with all applicable Environmental Laws, and any regulation, order, decree, judgment or injunction entered, promulgated or approved thereunder, and Seller has received no notice of violation regarding, and Seller has no Knowledge of, any past or present actions, activities, circumstances, conditions, events or incidents, including the release, emission, discharge, presence or disposal of any Hazardous Substance, which are reasonably likely to form the basis of any material liabilities or obligation of or claims against the Business under any Environmental Laws with respect to the Business. Seller has provided to Purchaser a copy of each assessment, report, , result of investigations or compliance audit, that is in the possession of the Seller or its consultants or contractors regarding the environmental condition of the Business or compliance (or noncompliance) by Seller with any Environmental Laws. The representations and warranties in this Section 2.17 are the sole and exclusive representations of the Seller concerning environmental matters.

2.18 Debt Instruments. Seller has no debentures, notes, mortgages, indentures, guarantees, capitalized leases or other instruments related to the Business under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed, in each case to which Seller is currently a party, has or may acquire rights or may become subject to any Liability or obligation or by which it or the Assets are bound. Seller is not a guarantor or otherwise indirectly or collaterally liable for any Liability related to the Business of any other Person. None of the Liabilities of the Business or of Seller incurred in connection with the conduct of the Business is guaranteed by or subject to a similar contingent obligation of any other Person.

2.19 Employee Agreements. Except as set forth on Schedule 2.19 and except for [REDACTED] no Employee has a written contract guaranteeing a term of employment or restricting Seller's right to terminate employment subject to applicable Laws. Except as set forth on Schedule 2.19, Employees are parties to a written agreement (a "Confidentiality Agreement"), under which each such person or entity (i) is obligated to disclose and transfer to Seller, without the receipt by such person of any additional value therefore (other than normal salary or fees for consulting services), all inventions, developments and discoveries which, during the period of employment with or performance of services for Seller, he or she makes or conceives of either solely or jointly with others, that relate to any subject matter with which his or her work for Sellers may be concerned, or relate to or are connected with the Business, products or projects of Seller, or involve the use of the time, material or facilities of Seller, and (ii) is obligated to maintain the confidentiality of proprietary

information of Seller. Except for the Confidentiality Agreements, Seller's severance policy and except as to [REDACTED] and as set forth on Schedule 2.19, there are no written or, to Seller's Knowledge, oral, contracts of employment between Seller and any Employee. To Seller's Knowledge, no Employee is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would conflict with their obligation to promote the interests of Seller with regard to the Business or the Assets or that would conflict with the Business or the Assets. Neither the execution nor the delivery of this Agreement, nor the carrying on of the Business by its Employees, will, to Seller's Knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such Employee is now obligated. To Seller's Knowledge, it is currently not necessary for Seller to utilize in the Business any inventions of any Employee made or owned prior to their employment by or affiliation with Seller, nor, to Seller's Knowledge, is it necessary to utilize any other assets or rights of any Employee made or owned prior to their employment with or engagement by Seller, in violation of any registered patents, trade names, trademarks or copyrights or any other limitations or restrictions to which any such Employee is a party or to which any of such assets or rights may be subject. To Seller's Knowledge, none of Seller's Employees, that has had knowledge or access to information relating to the Assets has taken, removed or made use of any proprietary documentation, manuals, products, materials, or any other tangible item from his or her previous employer which has resulted in Seller's access to or use of such proprietary items included in the Assets, and Seller will not gain access to or make use of any such proprietary items in the Business, except to the extent that any such activities would not have a Material Adverse Effect on Seller, the Assets or the Business. As of the date of this Agreement, Seller is not a party to a collective bargaining agreement with any trade union, none of Seller's employees are members of a trade union certified as a bargaining agent with Seller and no proceedings to implement any such collective bargaining agreement or certifications are pending. Except as set forth on Schedule 2.19, there are no policies or agreements between Seller and any Employee with respect to payments to such Employee upon any change of control of Seller.

2.20 Sufficiency of Assets. Except as set forth in Schedule 2.20, the Assets constitute all of the assets necessary, in conjunction with Purchaser's assets immediately prior to Closing, including those constituting Purchaser's corporate overhead, to operate the Business in the manner presently operated by the Seller.

2.21 Brokers. Seller has no Liability, directly or indirectly, to pay any fees, commissions or other amounts to any of Seller's directors, officers or employees in connection with this Agreement or the transactions contemplated hereby or in connection with any sale of the Assets. Seller has no Liability, directly or indirectly, to pay any fees, commissions or other amounts to any broker, finder or agent with respect to this Agreement or the transactions contemplated hereby or in connection with any sale of the Assets, except to Mirus Securities. Seller agrees to indemnify and hold harmless Purchaser for any such Liability.

2.22 Disclosure. No representation or warranty made by Seller in this Agreement or in any of the Schedules or Exhibits appended hereto contains any untrue statement of a material fact or omits a material fact necessary to make each statement contained herein or therein, in light of the circumstances in which they were made, not materially misleading.

ARTICLE 3.

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller as follows:

3.1 Organization. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has full corporate power and authority to own and/or lease all of its properties and assets, and to carry on its business as now being conducted.

3.2 Authority; Non-Contravention. This Agreement, the Operative Agreements and the other agreements contemplated hereby to be executed by the Purchaser and Guarantor (as defined in Section 5.7) pursuant hereto have been duly executed and delivered by Purchaser and Guarantor, and constitute valid and binding obligations of Purchaser and Guarantor enforceable against it in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws and subject to limitations imposed by general equitable principles. The Purchaser and Guarantor have full power and authority to execute and deliver and perform its obligations under this Agreement, the Operative Agreements and the other agreements contemplated herein to be executed by each of Purchaser and Guarantor. The execution and delivery by Purchaser and Guarantor of this Agreement does not, and the execution and delivery by Purchaser of the Operative Agreements to which it is a party, the performance by Purchaser and Guarantor of their obligations under this Agreement and the Operative Agreements and the consummation of the transactions contemplated hereby and thereby will not conflict with or result in a violation or breach of any of the terms, conditions or provisions of the Certificate of Incorporation or Bylaws of Purchaser and Guarantor.

3.3 No Consents. No permit, consent, approval, novation, authorization or other Order of or filing with any Governmental or Regulatory Authority or any other Person is required in connection with the execution, delivery and consummation of this Agreement and the other agreements contemplated hereby to be executed by Purchaser or Guarantor, as appropriate, or the actions of the Purchaser and Guarantor contemplated hereby.

3.4 Brokers. Purchaser has no Liability, directly or indirectly, to pay any fees, commissions or other amounts to any broker, finder or agent with respect to this Agreement or the transactions contemplated hereby. Purchaser agrees to indemnify and hold harmless Seller from any such liability.

3.5 Funds. Purchaser has sufficient financial resources and credit available on market terms to enable it to consummate the transactions contemplated by this Agreement.

ARTICLE 4.

COVENANTS OF SELLER

4.1 Further Actions; Consents. Notwithstanding its inclusion in this Article 4, this Section 4.1 includes covenants of both Seller and Purchaser.

(a) Except as otherwise provided in this Section 4.1, Sections 5.2, 5.3, 5.4, 5.5 and 5.6, or in the Transition Agreements, each of the parties hereto shall execute such documents and other instruments and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and consummate the transactions contemplated hereby. Upon the terms and subject to

the conditions hereof, each of the parties hereto shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to obtain in a timely manner all necessary waivers, consents, including specifically consents to the assignment of Material Contracts, and approvals and to effect all necessary registrations and filings.

(b) Notwithstanding the foregoing, in respect of the Contracts (in each case other than leases related to the Leased Real Estate):

(i) the parties acknowledge that prior to the date hereof, Seller has obtained and delivered to Purchaser consent to the assignment of those Material Contracts identified on Schedule 4.1(b);

(ii) the parties acknowledge that some or all of the Contracts other than the Material Contracts (collectively, "Non-Material Contracts") may require the consent, approval or waiver of the other party thereto to such assignment;

(iii) the parties agree that notwithstanding any such requirement as to consent to assignment of the Non-Material Contracts, Purchaser hereby waives the requirement that any such consent to assignment be obtained;

(iv) Seller shall, during the 90-day period immediately following the Closing, use its commercially reasonable efforts, with the reasonable cooperation of Purchaser, to obtain consents in respect of the Non-Material Contracts. "Commercially reasonable efforts", for this purpose shall mean Seller's sending written consents, keeping Purchaser apprised of the results and otherwise reasonably cooperating with Purchaser and shall not include any action, amendment to, or the payment of any amount of money except as expressly required by the terms of, the Non-Material Contract;

(v) the parties agree that to the extent that Seller has not obtained any consent to a Non-Material Contract during such 90-day period (A) Seller may terminate such Non-Material Contract in accordance with the terms thereof and pay all termination fees required in connection therewith and (B) Purchaser shall be solely responsible for obtaining replacement goods or services in respect thereof commencing from and after the Closing Date (provided that Purchaser shall indemnify Seller against any liability in any case where the consent to assignment of a customer contract is not obtained and the customer does not cancel the Contract and looks to Seller for performance ("Customer Claims"), in which case Purchaser shall perform such Contracts as an agent for Seller; and further provided that as to contracts associated with the operation of Seller's network, Purchaser shall be responsible for termination fees which could have been avoided by timely notification by Purchaser of its determination that such Contracts should terminate); and

(vi) the parties agree that if the consent to the assignment of any Non-Material Contract is obtained but does not contain an express full release of Seller from Seller's direct and indirect obligations from and after the Closing under such Non-Material Agreement, to Seller's reasonable satisfaction, then Purchaser shall indemnify Seller in respect of any Losses incurred by Seller from and after the Closing Date in respect of any such Non-Material Contract.

(vii) Notwithstanding the foregoing, with respect to the Leased Real Estate located in Fremont, California, the Purchaser and Seller shall concurrently herewith enter into the Rental Fund Escrow Agreement in substantially the form attached hereto as Exhibit C.

(d) Seller and Purchaser covenant and agree that any customer who contacts Purchaser desiring Shared Hosting Services will be referred by Purchaser to Seller; and any customer who contacts Seller desiring Dedicated Hosting Services will be referred by Seller to Purchaser, provided that in the case of Seller, that Seller is not violating the terms of the Section 4.3 of this Agreement, and provided that in the case of Purchaser, that Purchaser is not Competing.

(e) Seller and Purchaser covenant and agree that they will jointly attempt to categorize those internal support servers that are included in the Assets as either exclusive or non-exclusive to the Business. With respect to any internal support servers that are non-exclusive to the Business, either Party may, at its sole expense and to the extent allowed by any third party licenses, create a duplicate server for their own exclusive use.

4.2 Covenant Not to Hire Purchaser's Other Employees. Seller hereby agrees with Purchaser that, except as otherwise agreed to in writing between Purchaser and Seller, for an eighteen (18) month period following the Closing Date, except with Purchaser's written consent, Seller shall not hire any person employed by Purchaser or its Affiliates in any capacity, except as provided in the Administrative Services Agreement. The foregoing, however, shall not in any way limit the ability of Seller to hire any person to become an employee of Seller if such person has been terminated by Purchaser at least six months prior to the date such person is hired by Seller.

4.3 Seller's Noncompetition Covenant.

(a) In consideration of the purchase of the Assets by Purchaser, Seller agrees that, from and after the Closing until the first anniversary of the of the Closing Date, Seller shall not and shall cause its Affiliates not to, within any area in which the Business is currently conducted, directly or indirectly, provide Dedicated Hosting Services to its customers, or, acquire, own, manage, operate, control, be employed by or participate in the ownership, management, operation or control of, except on behalf of Purchaser (pursuant to the Transition Agreements or otherwise), or be connected in any manner with, any business advertising managed and/or unmanaged dedicated hosting services of the type and character engaged in and competitive with the Business conducted by Seller on the Closing Date ("Competitive Dedicated Hosting Services"). For these purposes, ownership of securities of 1% or less of any class of securities of a Person engaged in the business of providing Competitive Dedicated Hosting Services shall not be considered to be competition with the Purchaser;

(b) In consideration of the purchase of the Assets by Purchaser, Seller agrees that, from and after the Closing until the second anniversary of the Closing Date, Seller shall not and shall cause its Affiliates not to, except on behalf of Purchaser (pursuant to the Transition Agreements or otherwise), directly or indirectly start, acquire, own, manage, operate, control, be employed by or participate in the ownership, management, operation or control of, or be connected in any manner with, any business advertising Competitive Dedicated Hosting Services through marketing and sales efforts in which Seller uses the "Interland" name or other brand;

(c) In consideration of the purchase of the Assets by Purchaser, Seller agrees that, from and after third anniversary of the Closing Date, Seller shall not and shall cause its Affiliates not to, within any area in which the Business is currently conducted, except on behalf of Purchaser (pursuant to the Transition Agreements or otherwise), directly or indirectly solicit the customers of the Business that were customers of the Business on the Closing Date;

(d) Notwithstanding the foregoing, Purchaser acknowledges that (i) Seller owns and will continue to operate its business of Shared Hosting Services and that the provision of such services by Seller and its Affiliates shall not be deemed to constitute a violation of this Section 4.3; (ii) it shall not constitute a violation of this Section 4.3 if (A) Seller acquires a business that incidentally, and not as its principal business activity, provides Dedicated Hosting Services, provided that Seller has offered Purchaser the opportunity to acquire the customers receiving the Dedicated Hosting Services at the price at which it acquired such customer accounts, which offer shall be accepted or declined within sixty (60) days; or (B) if Seller is acquired, whether by stock sale, merger or other business combination, or sale of its assets, to a Person engaged in whole or in part in the business of providing Dedicated Hosting Services;

(e) Notwithstanding the foregoing, Purchaser acknowledges and agrees that Seller may act as a reseller for Purchaser, when an enterprise distribution partner of Seller refers to Seller a customer who is seeking Dedicated Hosting Services or collocation service. Purchaser shall provide Seller with a 25% discount off of its standard rate for the applicable service provided to Seller pursuant to this Section 4.3(e).

4.4 Subsidiaries. Seller covenants and agrees that it shall cause the Subsidiaries to transfer any and all interest in the Assets to Purchaser at Closing.

4.5 Purchaser's Use of "Interland" Name and Seller's Logo. Purchaser shall be entitled to use the name "Interland" and Seller's logo only in accordance with the applicable provisions of the Administrative Services Agreement constituting a part of the Transition Agreement.

4.6 Cooperation with Post-Closing Audit. Following the Closing, the Seller, and its Affiliates, shall reasonably cooperate with the audit of the Business conducted by the accounting firm of KPMG, or other accounting firm selected by the Purchaser, and provide such accounting firm with the information reasonably requested by such accounting firm, to the extent such information is in the possession of the Seller or its Affiliates without material expense or burden, in order for Purchaser and its accounting firm to create audited financial statements of the Business as a stand alone entity in compliance with GAAP (which audit Purchaser anticipates completing within forty-five (45) days following the Closing Date). All fees and expenses of the accounting firm and other third parties engage by Purchaser in connection with the audit shall be paid by Purchaser.

4.7 Cooperation as to Certain Intellectual Property. Following Closing, Seller shall cooperate, which cooperation shall not require Seller to incur any expense, with Purchaser as reasonably requested by Purchaser in acquiring from third parties rights to use: (i) the intellectual property licensed by Seller from third parties identified in Section 1.1(b)(ii), and (ii) the intellectual property licensed by Seller from third parties listed on Schedule 4.7, which intellectual property will not be assigned or sublicensed to Purchaser (collectively, the "Excluded Intellectual Property"). Seller agrees to provide up to one hundred (100) hours of consulting time (including, if requested by Purchaser, the time of [REDACTED] or other Seller personnel reasonably selected by Purchaser) in order to consult with Purchaser with respect to appropriate back office systems, which may include consulting with respect to Seller's current back office systems. Such consulting shall be at no cost to Purchaser.

ARTICLE 5.

COVENANTS OF PURCHASER

5.1 No Additional Representations. Purchaser acknowledges that neither Seller nor any other person or entity acting on behalf of Seller or any Affiliate of Seller has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Business, except as expressly set forth in the Agreement.

5.2 Employees. Purchaser and Seller acknowledge and agree that Purchaser will not offer employment to any Employees on or prior to the Closing Date. Purchaser may, however, offer employment "at will" on or before ninety (90) days following the Closing Date to each of the Employees listed on Schedule 5.2 attached hereto (each employee receiving such offer, an "Offeree") with benefits described in Section 5.3, provided that each such Employee successfully completes Purchaser's pre-employment process which shall include but not be limited to testing for controlled substances and background screening. In the event any Affected Employee is terminated without Cause within one year after the Closing Date, Purchaser shall pay severance to such terminated employee in accordance with Seller's current severance policy as described on Schedule 5.3 attached hereto. As of the date hereof, none of the Employees listed on Schedule 5.2 is on a leave of absence pursuant to Seller's written leave of absence policy.

5.3 Benefits Matters. (a) Purchaser shall, and shall cause its Affiliates to (if applicable), give the Affected Employees full credit for all purposes (including without limitation for purposes of eligibility to participate, eligibility to commence benefits and vesting, as applicable but not for purposes of benefit accrual under a Plan that is a defined benefit pension plan, if any) under any Plans, policies, practices or arrangements maintained by Purchaser or its Affiliates, for the Affected Employees' service with the Seller and its Affiliates and their respective predecessors to the same extent recognized by the Seller or its Affiliates, as applicable, immediately prior to the Closing.

(b) Following the Closing, to the extent permitted by Purchasers' insurance carriers (after good faith negotiations by Purchaser with such carriers) and permitted by law, Purchaser shall ensure, and shall cause its Affiliates to ensure (if applicable), that:

(i) no limitations or exclusions as to preexisting conditions, evidence of insurability or good health, or waiting periods are applicable to any Affected Employees or their dependents or beneficiaries under any welfare benefit plans in which such Affected Employees may be eligible to participate; and

(ii) any costs or expenses incurred by Affected Employees (and their dependents or beneficiaries) during the calendar year in which the Closing occurs, up to and including the Closing Date, shall be taken into account for purposes of satisfying applicable deductible, co-payment, coinsurance, maximum out-of-pocket provisions and like adjustments or limitations on coverage under any welfare benefit plans in which the Affected Employees may be eligible to participate.

(c) Purchaser shall and shall cause its Affiliates (if applicable) (i) to extend coverage to the Affected Employees under Plans and arrangements of Purchaser or its Affiliates on the same terms and conditions that such coverage is provided to similarly situated employees of Purchaser or its Affiliates, as applicable, and (ii) on the Closing Date, provide Affected Employees salary, commissions and bonus opportunities substantially equivalent to those provided to Affected Employees by Seller or its

Affiliates immediately prior to Closing, *provided however*, that Purchaser reserves the right to adjust such salary, commissions and bonus opportunities thereafter.

(d) Accrued Time Off. Schedule 5.3 sets forth a complete list of the accrued vacation and other earned time off for each Offeree as of the Closing Date. Each Affected Employee shall be credited under Purchaser's (or Purchaser's Affiliate's) vacation and other earned time off policy with the full amount of vacation and earned time off accrued by such Affected Employee but unused as of the Closing under the vacation policies of Seller applicable to such Affected Employee.

(e) 401(k) Plans.

(i) Purchaser hereby covenants that, as soon as practicable, but not later than ninety (90) days following the Closing (i) it shall take all steps reasonably necessary to effect the adoption of a tax-qualified retirement plan that provides eligible employees of Purchaser (including the Affected Employees) the opportunity to defer compensation pursuant to Section 401(k) of the Code (a "401(k) Plan"), and (ii) all Affected Employees shall be granted service credit, for purposes of eligibility and vesting under the Purchaser's 401(k) Plan, to the same extent that such Affected Employees were credited with service under the Seller's 401(k) Plan.

(ii) Affected Employees who are participants in the Seller's 401(k) Plan shall, effective as of the date they become Affected Employees, cease to be eligible to participate in Seller's 401(k) Plan, and such Affected Employees shall have a fully vested and non-forfeitable interest in their account balances thereunder. As soon as practicable following the date that is ninety (90) days following the Closing, and following (A) delivery by Seller to Purchaser of the most current IRS determination letter regarding the tax-qualified status of Seller's 401(k) Plan and (B) delivery by Purchaser to Seller a favorable determination letter regarding the tax-qualified status of Purchaser's 401(k) Plan (or, if the Purchaser adopts a prototype or volume submitter 401(k) plan, a copy of the IRS opinion letter issued with respect to such prototype or volume submitter plan), Seller shall cause the trustee of Seller's 401(k) Plan to transfer to the Purchaser's 401(k) Plan all of the assets and liabilities of the Seller's 401(k) Plan that are attributable to Affected Employees. Unless otherwise agreed by Seller and Purchaser, the assets to be transferred shall be cash or promissory notes for loans made to Affected Employees under the terms of the Seller's 401(k) Plan. In the event the plan to plan transfer has not occurred by the first anniversary of the Closing Date, Affected Employees who are participants in Seller's 401(k) Plan may transfer their account balances in any manner permitted by Seller's 401(k) Plan.

5.4 Sales and Transfer Taxes. Purchaser shall pay only the first [REDACTED] of any sales, use, excise or gains taxes, documentary stamps or transfer taxes payable by reason of the transfer and conveyance of the Assets hereunder. Seller shall be responsible for payment of any additional such taxes. .

5.5 Covenant Not to Hire Seller's Other Employees. Upon the consummation of the transactions contemplated hereby, Purchaser agrees with Seller that, for an eighteen (18) month period following the Closing Date, except with Seller's written consent, Purchaser shall not hire any person employed by Seller or its Affiliates in any capacity other than the Employees set forth on Schedule 5.2. The foregoing, however, shall not in any way limit the ability of Purchaser to hire any person to become an employee of Purchaser if such person has been terminated by Seller at least six months prior to the date such person is hired by Purchaser.

5.6 Guarantee. Peer 1 Network Enterprises, Inc. ("Guarantor") hereby unconditionally guarantees the full and timely payment and performance by Purchaser of all obligations of Purchaser arising under this Agreement and all agreements delivered pursuant hereto.

ARTICLE 6.

CLOSING DELIVERIES OF SELLER

In addition to the other Closing deliveries required elsewhere in this Agreement.

6.1 Tax Affidavit. At Closing, Seller shall deliver to Purchaser an affidavit of Seller's Chief Financial Officer, in form reasonably satisfactory to Purchaser, stating under penalties of perjury such Seller's United States taxpayer identification number and that such Seller is not a foreign person within the meaning of section 1445(b)(2) of the Code.

6.2 Other Documents. Seller shall have furnished Purchaser with such other and further documents and certificates, including certificates of each of Seller's officers and others, as Purchaser shall reasonably request to evidence compliance with the conditions set forth in this Agreement.

ARTICLE 7.

INDEMNIFICATION AND SURVIVAL

7.1 Indemnification by Seller. On and after the Closing Date, Seller shall defend, indemnify and hold harmless Purchaser, each of its Affiliates and each of their respective Affiliates, officers, directors, employees, agents, successors and assigns (collectively, "Purchaser's Indemnified Persons"), and shall reimburse Purchaser's Indemnified Persons, for, from and against, each and every demand, claim (including Customer Claims and other third party claims), fine, fee, penalty, deficiency, loss (which shall include any diminution in value), liability, judgment, and damage (including interest, costs and expenses, including court costs, fines, penalties, fees of accountants and other experts and other expenses of litigation, reasonable attorneys' fees) (each a "Loss," and collectively, "Losses") imposed on or incurred by Purchaser's Indemnified Persons, directly or indirectly, relating to, resulting from or arising out of any breach of any representation or warranty in any respect, whether or not Purchaser's Indemnified Persons relied thereon or had knowledge thereof, or any breach or nonfulfillment of any covenant, agreement or other obligation of Seller under this Agreement, or any certificate or other document delivered or to be delivered pursuant hereto or relating to, resulting from or arising out of any Retained Liability or for any Taxes of the Seller for any period ending on or before the Closing.

7.2 Indemnification by Purchaser. On and after the Closing Date, Purchaser shall defend, indemnify and hold harmless Seller and its Affiliates, officers, employees, agents, successors and assigns (Sellers and such other Persons, collectively "Seller Indemnified Persons") and shall reimburse Seller Indemnified Persons for, from and against all Losses imposed on or incurred by Seller Indemnified Persons, directly or indirectly, relating to, resulting from or arising out of any breach of any representation or warranty in any respect, whether or not Seller Indemnified Persons relied thereon or had knowledge thereof, or any breach or nonfulfillment of any covenant, agreement or other obligation of Purchaser under this Agreement or any certificate or other document delivered or to be delivered pursuant hereto, including without limitation Losses relating to, resulting from or arising out of any Assumed Liability.

7.3 Notice and Defense of Third-Party Claims. If any action, claim or proceeding shall be brought or asserted by a third party against an indemnified party or any successor thereto (the “Indemnified Person”) in respect of which indemnity may be sought under this Article 7 from an indemnifying person or any successor thereto (the “Indemnifying Person”), the Indemnified Person shall give prompt written notice of such action or claim to the Indemnifying Person who shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Person and the payment of all expenses; except that any delay or failure to so notify the Indemnifying Person shall relieve the Indemnifying Person of its obligations hereunder only to the extent, if at all, that it is prejudiced by reason of such delay or failure. The Indemnified Person shall have the right to employ separate counsel in any of the foregoing actions, claims or proceedings and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Person unless both the Indemnified Person and the Indemnifying Person are named as parties and the Indemnified Person shall in good faith determine that the representation by the same counsel is inappropriate.

7.4 Limits on Indemnification. No claim may be made against Seller for indemnification hereunder unless the aggregate of all Purchaser Losses under the Agreement incurred exceed [REDACTED] the “Aggregate Basket”, at which time all amounts in excess of the Aggregate Basket may be claimed in full. In no event shall the Seller be required to indemnify Purchaser for Purchaser Losses under this Agreement which in the aggregate exceed [REDACTED] of the Purchase Price. Any claim by Seller for indemnification against a third party claim based on conduct of Purchaser following Closing shall not be subject to the limitations contained in this Section 7.4.

7.5 Survival of Representations and Warranties and Agreements. The representations and warranties made by the parties in this Agreement or in any document, certificate or instrument executed and delivered pursuant hereto (including those made in the Schedules and Exhibits hereto) shall survive the Closing hereunder and shall not merge in the performance of any obligation by any party hereto, and will remain in full force through the eighteenth (18th) full month following Closing, without regard to any investigation made by any of the parties; provided, however, that (i) the representations and warranties set forth in Sections 2.5 (Tax Matters), 2.8 (ERISA Matters) and 2.10 (Intellectual Property) will survive until 30 days after the expiration of the applicable statute of limitations (with extensions), (ii) the representation and warranties set forth in 2.17 (Environmental Matters) will survive until three (3) years following the Closing Date, and (iii) the representation and warranties of the parties set forth in Sections 2.2 (Authorization), 2.9 (Title to Assets; Business), 3.1 (Organization) and 3.2 (Authorization) will survive indefinitely. Any claim (whether or not fixed as to liability or liquidates as to amount) pending on the expiration date of the applicable survival period set forth above for which a claim notice has been given in accordance with this Article VII on or before such expiration date may continue to be asserted and indemnified against until finally resolved. All covenants and obligations undertaken by the parties in this Agreement or in any document, certificate or instrument executed and delivered pursuant hereto (including those made in the Schedules or Exhibits hereto) shall survive in accordance with their terms.

7.6 Exclusive Remedy. From and after the Closing, no party hereto shall be liable or responsible in any manner whatsoever to the other parties, whether for indemnification or otherwise, except for indemnity as expressly provided in this Article 7 and elsewhere in this Agreement which provides the exclusive remedies and causes of action of the parties hereto with respect to any matter arising out of or in connection with the Agreement or any Schedule hereto or any opinion or certificate delivered in connection herewith; *provided* that the limitations contained in this Article 7 shall not apply to any claims arising out of the fraud of any party. After the Closing, Purchaser shall not be entitled to a rescission of the sale of the Assets. Notwithstanding anything to

the contrary contained herein, the rights and remedies set forth in the Transition Agreements shall be the sole and exclusive source of rights and remedies in respect thereto and the parties' respective rights thereunder shall not be governed or limited by any provision contained herein.

7.7 Liability Limitation. Notwithstanding anything to the contrary contained herein, in no event shall any party be liable for any punitive, special, incidental or consequential damages, including lost profits, arising out of any breach of representations, warranties, covenants or other provisions of this Agreement.

ARTICLE 8.

DEFINITIONS

8.1 Definitions. Defined Terms. As used in this Agreement, the following defined terms have the meanings indicated below:

“401(k) Plan” has the meaning ascribed to it in Section 5.3

“AAA” has the meaning ascribed to it in Section 9.9.

“Accounts Receivable” has the meaning ascribed to it in Section 2.14.

“Administrative Services Agreement” has the meaning ascribed to it in Section 1.1(b)(i).

“Affected Employees” means those Offerees who accept an offer of employment pursuant to Section 5.2 hereof.

“Affiliate” means any Person that directly, or indirectly through one of more intermediaries, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

“Aggregate Basket” has the meaning ascribed to it in Section 7.4.

“Agreement” means this Asset Purchase Agreement and the Schedules and Exhibits hereto, as the same shall be amended from time to time.

“Assets” has the meaning ascribed to it in Section 1.1.

“Assignment Instruments” has the meaning ascribed to it in Section 1.4(a).

“Associate” means, with respect to any Person, any corporation or other business organization of which such Person is an officer or partner or is the beneficial owner, directly or indirectly, of ten percent (10%) or more of any class of equity securities, any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as a trustee or in a similar capacity and any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

“Assumed Liabilities” has the meaning ascribed to it in Section 1.2(a).

“Assumption Instruments” has the meaning ascribed to it in Section 1.4(a).

“Benefit Plan” means any Plan established by Seller, or any predecessors or Affiliates of Seller, existing since August 31, 2001 to which Seller contributes or has contributed or under which Seller or any of its Affiliates has, or since August 31, 2001 had, an obligation to contribute, on behalf of any employee, former employee or director, or under which any employee, former employee or director of Seller or any dependent or beneficiary thereof is covered, is eligible for coverage or has benefit rights.

“Business” has the meaning ascribed to it in the forepart of this Agreement.

“Business Day” means a day other than Saturday, Sunday or any day on which banks located in the State of New York are authorized or obligated to close.

“Cash Payment” has the meaning ascribed to it in Section 1.3(a)(i).

“Cause” means termination of an Affected Employee’s employment by Purchaser for one or more of the following reasons: (a) Affected Employee has breached or threatens to breach a fiduciary duty owed to the Purchaser; (b) Affected Employee has engaged or threatens to engage in dishonesty, fraud, gross negligence, willful malfeasance or other acts of misconduct in the performance of Affected Employee’s duties or during the course of Affected Employee’s employment; (c) upon the willful and continued failure by Affected Employee to substantially perform his or her duties with the Purchaser, or excessive or unreasonable absence from the performance of his or her duties with the Purchaser for any reason, other than for authorized vacation or sick leave; or (d) Affected Employee has willfully violated or threatens to violate Purchaser policies, or has willfully violated or threatens to violate any law, rule or regulation (other than traffic violations or similar offenses) which result in material injury to Purchaser.

“Closing” means the closing of the transactions contemplated by Section 1.5.

“Closing Date” has the meaning set forth in Section 1.5.

“Closing Working Capital Amount” shall mean the amount of Working Capital of the Business as of the Adjustment Date.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“Competing” means Purchaser directly or indirectly owning, managing, operating, controlling, being employed by or participating in the ownership, management, operation or control of, or being connected in any manner with, any business providing Shared Hosting Services of the type and character engaged in and competitive with the business conducted by Seller on the Closing Date.

Notwithstanding the foregoing, Seller acknowledges that Purchaser shall not be deemed to be “Competing” (a) solely by virtue of the fact that Purchaser provides collocation, bandwidth and/or Dedicated Hosting Services to customers which directly sell Shared Hosting Services; (b) if Purchaser acquires a business that incidentally, and not as its principal business activity, provides Shared Hosting Services; or (c) if Purchaser is acquired, whether by stock sale, merger or other business combination, or sale of its assets, by a Person engaged in whole or in part in the business of providing Shared Hosting Services. For these purposes, ownership of securities of one percent (1%) or less of any class of securities of a Person engaged in the business of providing Shared Hosting Services shall not be considered to be “Competing” with the Seller.

“Competitive Dedicated Hosting Services” has the meaning ascribed to it in Section 4.3(a).

“Confidentiality Agreement” has the meaning ascribed to it in Section 2.19.

“Confidential Information” has the meaning ascribed to it in Section 9.6.

“Consideration” has the meaning ascribed to it in Section 1.3(b).

“Contracts” has the meaning ascribed to it in Section 1.1(a)(viii).

“Cooperating Employees” has the meaning ascribed to it in Section 1.8(b).

“CPA-Determined Differences” has the meaning ascribed to it in Section 1.7(d)(ii).

“CPA Firm” has the meaning ascribed to it in Section 1.7(d)(ii).

“Customer Claims” has the meaning ascribed to it in Section 4.1(b)(v).

“Dedicated Hosting Services” means that form of web hosting service where the customer purchases the exclusive use of one (but not less than one) or more web servers and specifically excludes Shared Hosting Services, and virtual private servers.

“Differences” has the meaning ascribed to it in Section 1.7(d)(ii).

“Disagreement Notice” has the meaning ascribed to it in Section 1.7(c).

“Employee” means each employee, officer or consultant of Seller engaged primarily in the conduct of the Business and identified on Schedule 8.1 attached hereto.

“Environmental Laws” means the following laws as the same have been amended from time to time: (i) Clean Air Act (42 U.S.C. § 7401, *et seq.*); (ii) Clean Water Act (33 U.S.C. § 1251, *et seq.*); (iii) Resource Conservation and Recovery Act (42 U.S.C. § 6901, *et seq.*); (iv) Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, *et seq.*); (v) Safe Drinking Water Act (42 U.S.C. § 300f, *et seq.*); (vi) Toxic Substances Control Act (15 U.S.C. § 2601, *et seq.*); (vii) Rivers and Harbors Act (33 U.S.C. § 401, *et seq.*); (viii) Emergency Planning and Community Right to Know Act; together with all other Legal Rules regulating emissions, discharges, releases or threatened releases of any Hazardous Substance into ambient air, land, surface water, groundwater, personal property or structures, or otherwise regulating the manufacture, processing, distribution, use, treatment, storage, disposal, transport, discharge or handling of any Hazardous Substance.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“Escrow Agreement” has the meaning ascribed to it in Section 1.3(a)(ii).

“Escrow Amount” has the meaning ascribed to it in Section 1.3(a)(ii).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Excluded Assets” has the meaning ascribed to it in Section 1.1(c).

“Excluded Intellectual Property” has the meaning ascribed to it in Section 4.7.

“GAAP” means U.S. generally accepted accounting principles applied on a consistent basis during the relevant periods.

“GAAP Practices” means GAAP applied on a basis consistent with the past practices of Seller.

“Governmental or Regulatory Authority” means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States or any state, county, city or other political subdivision thereof.

“Guarantor” has the meaning ascribed to it in Section 5.7.

“Hazardous Substance” means any matter that is regulated as a pollutant, contaminant, hazardous or toxic substance, material, constituent or waste or pollutant under any Environmental Health and Safety Law by any Governmental or Regulatory Authority and includes, without limitation, asbestos and asbestos-containing materials and any material or substance that is: (i) designated as a “hazardous substance” pursuant to section 307 of the Federal Water Pollution Control Act, 33 U.S.C. section 1251, *et seq.* (33 U.S.C. § 1317); (ii) defined as a “hazardous waste” pursuant to section 1004 of the Federal Solid Waste Disposal Act, 42 U.S.C. section 6901, *et seq.* (42 U.S.C. § 6903); (iii) defined as a “hazardous substance” pursuant to section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. section 9601, *et seq.* (42 U.S.C. § 9601); or (iv) so designated or defined under any other applicable Legal Rule.

“Indebtedness” of any Person means all obligations of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business), (iv) under capital leases, but not any real estate leases, and (v) in the nature of guarantees of the obligations described in clauses (i) through (iv) above of any other Person.

“Indemnified Person” has the meaning ascribed to it in Section 7.3.

“Indemnifying Person” has the meaning ascribed to it in Section 7.3.

“Intellectual Property” means all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, brand names, domain names, inventions, processes, formulae, copyrights and copyright rights, trade dress, business and product names, logos, slogans, trade secrets, industrial models, processes, designs, methodologies, computer programs (including all source codes) and related documentation, technical information, manufacturing, engineering and technical drawings, know-how, all pending applications for and registrations of patents, trademarks, service marks and copyrights and (other than with respect to the name “Interland”) all goodwill pertaining to the forgoing.

“Interim Working Capital Statement” has the meaning ascribed to it in Section 2.13.

“IRS” means the United States Internal Revenue Service.

“Knowledge of Seller” means the actual knowledge of Joel Kocher, Allen Shulman, Gonzalo Troncoso, Jonathan Wilson, Denise Grey, Richard Pitrolo, Ted Smith, Dave Brown, Jorge Quintero, and David Weinand, each of whom have reviewed Article 2 and the corresponding Schedules.

“Laws” means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States, or any state, county, city or other political subdivision, or any Governmental or Regulatory Authority.

“Leased Real Estate” has the meaning ascribed to it in Section 2.9.

“Licensed Intellectual Property” has the meaning assigned to it in Section 2.10.

“Legal Rules” means the requirements of all laws, codes, statutes, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations of all Governmental or Regulatory Authorities with jurisdiction.

“Liabilities” means all Indebtedness, obligations and other liabilities of a Person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due).

“Licensed Intellectual Property” has the meaning ascribed to it in Section 2.10.

“Licenses” means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Governmental or Regulatory Authority.

“Liens” means any mortgage, pledge, assessment, security interest, lease, lien, adverse claim, levy, charge or other encumbrance of any kind, or any conditional sale contract, title retention contract or other contract to give any of the foregoing.

“Loss” and “Losses” have the meanings ascribed to them in Section 7.1

“Material Adverse Effect” and “Material Adverse Change” mean any Loss in excess of \$25,000 resulting from a breach of an individual representation, warranty or covenant.

“Material Contract” and “Material Contracts” have the meanings ascribed to them in Section 2.11.

“NASDAQ” has the meaning ascribed to it in Section 9.5.

“Non-Material Contracts” has the meaning ascribed to it in Section 4.1(b)(ii).

“Offeree” has the meaning ascribed to it in Section 5.2.

“Operative Agreements” means, collectively, the Assignment Instruments and the Assumption Instruments.

“Order” means any writ, judgment, decree, injunction or similar order of any Governmental or Regulatory Authority (in each such case whether preliminary or final).

“Outbound IP Licenses” has the meaning ascribed to it in Section 2.10.

“Owned Intellectual Property” has the meaning assigned to it in Section 2.10.

“Panel” has the meaning ascribed to it in Section 9.9.

“Permitted Lien” means (i) any Lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP Practices, (ii) any statutory Lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent and (iii) those liens identified on Schedule 2.9.

“Person” means any natural person, corporation, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or Governmental or Regulatory Authority.

“Plan” means any bonus, incentive compensation, deferred compensation, pension, profit sharing, retirement, stock purchase, stock option, stock ownership, stock appreciation rights, phantom stock, leave of absence, layoff, vacation, day or dependent care, legal services, cafeteria, life, health, accident, disability, workmen’s compensation or other insurance, severance, separation or other employee benefit plan, practice, policy or arrangement of any kind, whether written or oral, including, but not limited to, any “employee benefit plan” within the meaning of Section 3(3) of ERISA or a multiemployer plan within the meaning of Section 3(37) of ERISA.

“Purchase Price” has the meaning ascribed to it in Section 1.3(a).

“Purchase Price Adjustment Payment” has the meaning ascribed to it in Section 1.7(f).

“Purchase Price Allocation” has the meaning ascribed to it in Section 1.3(b).

“Purchaser” has the meaning ascribed to it in the forepart of this Agreement.

“Purchaser Representatives” means Purchaser’s officers, employees, counsel, advisors and representatives.

“Purchaser’s Indemnified Persons” has the meaning ascribed to it in Section 7.1.

“Purchaser Statement of Adjustments” has the meaning ascribed to it in Section 1.7(b).

“Representatives” means officers, directors, employees, agents, counsel, accountants, financial advisors, consultants and other representatives.

“Resolved Objections” has the meaning ascribed to it in Section 1.7(d)(i).

“Retained Liabilities” has the meaning ascribed to it in Section 1.2(b).

“Review Period” has the meaning ascribed to it in Section 1.7(c).

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Seller” has the meaning ascribed to it in the forepart of this Agreement, except for the exception noted in, Article 2 for the purpose of Section 2.9.

“Seller Indemnified Persons” has the meaning ascribed to it in Section 7.2.

“Seller’s Public Filings” means all material forms, reports, schedules, statements and other documents (including all exhibits and schedules thereto and documents incorporated by reference therein), in each case as amended, filed by Seller with the SEC.

“Seller Representative” means Seller’s officers, directors, employees, counsel, advisors and representatives.

“Seller Statement of Adjustments” has the meaning ascribed to it in Section 1.7(a).

“Shared Hosting Services” means that form of web hosting service where the customer purchases the non-exclusive use of a web server and which the web server is also available for the non-exclusive use of other customers and includes (i) offering for sale to a reseller the capability of selling Shared Hosting Services even if such capability involves providing the reseller the exclusive use of one or more web servers, and (ii) versions of Shared Hosting Services in which the end-user has root control, or near-root control, of less than all of the server, sometimes described as a “virtual private server” and (iii) the service sold by Seller under the name “Accelerator” prior to the Closing Date.

“Subsidiaries” has the meaning ascribed to it in Section 1.4(b).

“Target Working Capital Amount” means [REDACTED]

“Tax” and “Taxes” mean any Governmental or Regulatory Authority income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or other tax, fee, charge, lien impost or assessment of any kind whatsoever, including any interest, penalty, or addition thereto.

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

“Transition Agreements” has the meaning ascribed to it in Section 1.4(a).

“Working Capital” shall mean the aggregate current assets of the Business less the aggregate current liabilities of the Business, determined in accordance with the methodology utilized in the preparation of pro forma calculation and Working Capital attached as Annex A hereto.

“Working Capital Adjustment” has the meaning ascribed to it in Section 1.6.

(b) Construction of Certain Terms and Phrases. Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms “hereof,” “herein,” “hereby” and derivative or similar words refer to this entire Agreement; (iv) the terms “Article” or “Section” refer to the specified Article or Section of this Agreement and (v) the phrases “ordinary course of business” and “ordinary course of business consistent with past practice” refer to the business and practice of Seller in connection with the Business. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

ARTICLE 9.

MISCELLANEOUS

9.1 Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission (which is acknowledged by other means) or mailed (first class postage prepaid) to the parties at the following addresses or facsimile numbers:

If to Purchaser, to:

Peer 1 Network Enterprises, Inc.
Suite 1600
555 West Hastings Street
Vancouver, British Columbia
Canada V6B 4NS
Attention: Geoffrey Hampson, Chief Executive Officer
Telephone: (604) 683-7747
Telecopier: (604) 683-4634

with a copy to:

Gardner Carton & Douglas LLP
191 North Wacker Drive, Suite 3700
Chicago, Illinois 60606
Attention: Jesse H. Ruiz
Telephone: (312) 569-1135
Telecopier: (312) 569-3135

If to Seller, to:

Interland, Inc.
303 Peachtree Center Avenue
Suite 500
Atlanta, GA 30303
Attention: Allen Shulman, President
Telephone: (404) 260-2536
Telecopier: (404) 260-2760

with a copy to:

Arnall Golden Gregory, LLP
171 17th Street, N.W.
Suite 2100
Atlanta, GA 30363
Attention: Jonathan Golden
Telephone: (404) 873-8700
Telecopier: (404) 873-8701

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section, be deemed given upon receipt as of such time as receipt is acknowledged by other than automatic means, and (iii) if delivered by mail in the manner described above to the address as provided in this Section, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice, request or other communication is to be delivered pursuant to this Section). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other party hereto.

9.2 Entire Agreement. This Agreement (including the Recitals, Schedules and Exhibits hereto) and the other agreements and instruments, the execution and delivery of which are provided for herein, constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof, and terminates and supersedes any and all prior agreements, arrangements and understandings, both oral and written, among the parties hereto concerning the subject matter hereof. **EACH PARTY HERETO AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT, NEITHER PURCHASER NOR SELLER MAKES ANY OTHER REPRESENTATIONS OR WARRANTIES, AND EACH HEREBY DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES MADE BY ITSELF OR ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, FINANCIAL AND LEGAL ADVISORS OR OTHER REPRESENTATIVES, WITH RESPECT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO THE OTHER OR THE OTHER'S REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION WITH RESPECT TO ANY ONE OR MORE OF THE FOREGOING.**

9.3 Expenses. Subject to Section 9.4 and except as otherwise expressly provided herein, Purchaser and Seller will pay its own respective costs and expenses in connection with the negotiation, preparation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, including, but not limited to, attorneys' fees, accountants' fees and other professional fees and expenses.

9.4 Attorneys' Fees. If a legal proceeding is brought to enforce or interpret the provisions of this Agreement or any other agreement or instrument provided for herein or as to the rights or obligations of any party to this Agreement or such other agreement or instrument, the prevailing party in such action shall be entitled to recover as an element of such party's costs of suit, and not as damages, a reasonable attorneys' fee to be fixed by the court. The prevailing party shall be the party who is entitled to recover its costs of suit as ordered by the court or by applicable law or court rules. A party not entitled to recover its costs shall not recover attorneys' fees.

9.5 Public Announcements. Except as otherwise required by Law or the rules and regulations of the Nasdaq National Market ("NASDAQ"), neither Seller nor Purchaser will issue or make any reports, statements or releases to the public or generally to the employees, customers, suppliers or other Persons to whom Seller sells goods or provides services in connection with the Business or with whom Seller otherwise has significant business relationships in connection with the Business with respect to this Agreement or the transactions contemplated hereby without the consent of the other, which consent shall not be unreasonably withheld. If either party is unable to obtain the approval of its public report, statement or release from the other party and such report, statement or release is required by Law or NASDAQ, then such party may make or issue the legally required report, statement or release and promptly furnish the other party with a copy thereof. Seller and

Purchaser will also obtain the other party's prior approval of any press release to be issued immediately following the Closing announcing the consummation of the transactions contemplated by this Agreement, except as otherwise required by law, NASDAQ, the TSX Venture Exchange, or the British Columbia Securities Commission.

9.6 Confidentiality. Each party hereto will hold, and will use its best efforts to cause its Affiliates, and their respective Representatives to hold, in strict confidence from any Person (other than any such Affiliate or Representative), all documents and information concerning the other party or any of its Affiliates and their respective customers furnished to it by the other party or such other party's Representatives, or obtained in the course of its performance of this Agreement or the Transition Agreements (the "Confidential Information"), except to the extent that such documents or information can be shown to have been (a) previously known by the party receiving such documents or information, (b) in the public domain (either prior to or after the furnishing of such documents or information hereunder) through no fault of such receiving party or (c) later acquired by the receiving party from another source if the receiving party is not aware that such source is under an obligation to another party hereto to keep such documents and information confidential; *provided* that following the Closing the foregoing restrictions will not apply to Purchaser's use of documents and information concerning the Business, the Assets or the Assumed Liabilities furnished by Seller hereunder but will continue to apply to documents and information, if any, solely concerning the Seller, but not relating to the Business, Assets or Assumed Liabilities. Notwithstanding the foregoing sentence, the restrictions contained in this Section 9.6 shall not bind a party if such party is (i) compelled to disclose by judicial or administrative process (including without limitation in connection with obtaining the necessary approvals of this Agreement and the transactions contemplated hereby of Governmental or Regulatory Authorities) or by other requirements of Law, or (ii) if such Confidential Information is disclosed in an Action or Proceeding brought by a party hereto in pursuit of its rights or in the exercise of its remedies hereunder,

9.7 Waiver and Amendment. No waiver, amendment, modification or change of any provision of this Agreement shall be effective unless and until made in writing and signed by Purchaser (by a duly authorized officer other than any former employee or direct or indirect owner of Seller) and Seller. No waiver, forbearance or failure by any party of its right to enforce any provision of this Agreement shall constitute a waiver or estoppel of such party's right to enforce any other provision of this Agreement or a continuing waiver by such party of compliance with any provision.

9.8 Successors and Assigns; No Third Party Beneficiaries. This Agreement shall not be assigned or assignable by Seller without the prior written consent of Purchaser or by Purchaser without the prior written consent of Seller; *provided, however*, that Purchaser may assign without the consent of Seller, but with not less than ten Business Days advance notice to Seller, its rights hereunder to any Affiliate of which Purchaser owns at least 80% of the issued and outstanding equity thereof; in which event all references herein to Purchaser shall be deemed references to such assignee, except that all representations and warranties made herein with respect to Purchaser as of the date of this Agreement shall be deemed representations and warranties also to be made with respect to such assignee to the extent applicable as of the date of such designation. No such assignment shall relieve Purchaser of any obligation hereunder. Any purported assignment in violation of this Agreement will be void *ab initio*. Subject to the preceding sentence, each term and provision of this Agreement shall be binding upon and enforceable against and inure to the benefit of any successors or assigns of Purchaser and any successors or assigns of Seller. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the parties and their respective successors and assigns any rights or remedies under or by reason of this Agreement. Notwithstanding the foregoing, Purchaser may assign its rights and remedies with respect to the representations, warranties, covenants, and indemnities of Seller as collateral security for any borrowings, but in any action brought by an

assignee of such rights and remedies, Seller may assert any defense, counterclaim or setoff it could have asserted had such action been brought by Purchaser and no such assignment shall, without the further consent of Seller (which consent shall not be unreasonably withheld), constitute a permitted delegation of Purchaser's duties.

9.9 Dispute Resolution. Other than as provided in Section 1.7(d) and only as to disputes seeking only monetary damages (and not equitable relief) in an amount not greater than [REDACTED] in the event of any dispute or disagreement between Seller and Purchaser as to the interpretation of any provision of this Agreement and the Operative Agreements (or the performance of obligations thereunder), the matter, upon written request of either party, shall be referred to representatives of the parties for decision. The representatives shall promptly meet in a good faith effort to resolve the dispute. If the representatives do not agree upon a decision within thirty (30) calendar days after reference of the matter to them, any controversy, dispute or claim arising out of or relating in any way to this Agreement or the transactions arising hereunder shall be settled exclusively by arbitration in the City of Atlanta, Georgia. Such arbitration shall be administered by the American Arbitration Association ("AAA") in accordance with its then prevailing rules, by a panel of three (3) independent and impartial arbitrators selected in accordance with such rules (the "Panel"). Notwithstanding anything to the contrary provided in Section 9.13 hereof, the arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 *et seq.* The fees and expenses of the AAA and the Panel shall be shared equally by Purchaser and Seller and advanced by them from time to time as required; *provided that* at the conclusion of the arbitration, the Panel shall award costs and expenses (including the costs of the arbitration previously advanced and the fees and expenses of attorneys, accountants and other experts) to the prevailing party. No pre-arbitration discovery shall be permitted, except that the Panel shall have the power in its sole discretion, on application by any party, to order pre-arbitration examination solely of those witnesses and documents that any other party intends to introduce in its case-in-chief at the arbitration hearing. Purchaser and Seller shall instruct the Panel to render its award within thirty (30) days following the conclusion of the arbitration hearing. The Panel shall not be empowered to award to any party equitable relief of any kind or any damages of the type not permitted to be recovered under Section 7.7 of this Agreement in connection with any dispute between or among the parties arising out of or relating in any way to this Agreement or the transactions arising hereunder, and each party hereby irrevocably waives any right to recover such damages. Notwithstanding anything to the contrary provided in this Section 9.9 and without prejudice to the above procedures, either party may apply to any court of competent jurisdiction for temporary injunctive or other provisional judicial relief if such action is necessary to avoid irreparable damage or to preserve the status quo until such time as the Panel is selected and available to hear such party's request for temporary relief. The award rendered by the Panel shall be final and not subject to judicial review and judgment thereon may be entered in any court of competent jurisdiction.

9.10 Incorporation of Schedules. All Schedules hereto are by this reference incorporated herein and made a part hereof for all purposes as if fully set forth herein.

9.11 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement, and shall not be deemed to limit or affect any of the provisions hereof.

9.12 Interpretation. The provisions of this Agreement are intended to be interpreted and construed in a manner so as to make such provisions valid, binding and enforceable. In the event that any provision of this Agreement is determined to be partially or wholly invalid, illegal or unenforceable, then such provision shall be deemed to be modified or restricted to the extent necessary to make such provision valid, binding and enforceable, or, if such provision cannot be modified or restricted in a manner so as to make such provision valid, binding and enforceable, then such provision shall be deemed to be excised from this Agreement and the validity, binding effect and

enforceability of the remaining provisions of this Agreement shall not be affected or impaired in any manner. Nothing in this Agreement shall be interpreted or construed as creating, expressly or by implication, a partnership, joint venture, agency relationship or employment relationship between the parties hereto or any of their respective officers, directors, agents, employees or representatives.

9.13 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

9.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

9.15 Jurisdiction; Agents for Service of Process. Subject to Section 9.9, any judicial proceeding brought against any of the parties to this Agreement on any dispute arising out of this Agreement or any matter related hereto shall be brought in the District Court for the Northern District of Illinois, and, by execution and delivery of this Agreement, each of the parties accepts the exclusive jurisdiction of such court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. The foregoing consents to jurisdiction shall not constitute general consents to jurisdiction in the State of Illinois for any purpose except as provided above and shall not be deemed to confer rights on any third party. The prevailing party or parties in any such litigation shall be entitled to receive from the losing party or parties all costs and expenses, including reasonable counsel fees, incurred by the prevailing party or parties. Each party agrees that service of any process, summons, notice or document by U.S. registered mail to such party's address set forth in Section 9.1 shall be effective service of process for any action, suit or proceeding in Illinois with respect to any matters for which it has submitted to jurisdiction pursuant to this Section 9.15.

9.16 Disclosure. Any matter set forth in any section of the Schedules shall be deemed set forth in all other sections of the Schedules to the extent that such matter could reasonably be responsive to such other sections of the Schedules whether or not a specific cross-reference appears. The inclusion of any information (including dollar amounts) in any section of the Schedules shall not be deemed to be an admission or acknowledgment by the Seller that such information is required to be listed in such section or is material to or outside the ordinary course of the business of the Seller, nor shall such information be deemed to establish a standard of materiality (and the actual standard of materiality may be higher or lower than the matters disclosed by such information). In addition, matters reflected in the Schedules are not necessarily limited to matters required by this Agreement to be reflected in the Schedules. Such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature. The information contained in this Agreement, the Schedules and Exhibits is disclosed solely for purposes of this Agreement, and no information contained herein or therein shall be deemed to be an admission by any party hereto to any Third Party of any matter whatsoever (including any violation of applicable Law or breach of contract).

9.17 Individuals. Each party agrees that each individual acting solely in his or her capacity as an officer or employee of his or her respective principal, which is a party hereto, will in no event be personally responsible for acts taken reasonably believed to be taken within the scope of his/her employment and each party covenants not to sue any such individual for acts reasonably believed to be taken within his/her employment.

9.18 Books and Records. The Purchaser agrees from and after the Closing to and to cause the Purchaser Representatives to give Seller and the Seller Representatives reasonable access,

upon reasonable notice and during normal business hours, to the offices and other facilities and to the books and records of the Purchaser relating to the Business for periods prior to Closing, provided, that such access shall not unreasonably disrupt the operations of the Purchaser. Notwithstanding anything to the contrary contained in this Agreement, the Purchaser will not be required to provide any information or access that it reasonably believes could violate applicable Law or Purchaser's obligations to a third party under any confidentiality agreement or cause forfeiture of attorney/client privilege.

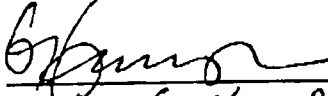
9.19 Cooperation. The Purchaser and Seller each acknowledge that after the Closing each party will employ certain persons who have detailed and unique knowledge of aspects of the other party's business including general accounting issues with respect to pre-Closing periods, Closing matters and past, current and future claims relating to claims and litigation described on Schedule 2.6, and other litigation, arbitrations, investigations or mediations in which such party or its Affiliates are now or hereafter will be engaged. Each party shall cooperate with the other party in all reasonable respects in connection with pre-Closing general accounting issues, Closing matters and the prosecution, defense and resolution of any claim retained by such party, including making records available relating to such claim and furnishing, to such party and/or its counsel, such employees (without expense to the party to whom such employee is being furnished); provided, however that any such cooperation shall not unduly or unreasonably interrupt the operation of the business of either Purchaser or Seller, as the case may be.

[Signature Pages to Follow]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each party as of the date first above written.

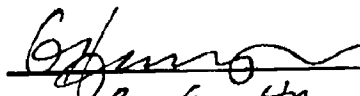
PURCHASER:

Peer 1 Acquisition Corporation

By: 
Name: C. G. Hanson
Title: President


GUARANTOR:

Peer 1 Network Enterprises, Inc.

By: 
Name: C. G. Hanson
Title: President

SELLER:

INTERLAND, INC.

By: 
Name: Allen L. Sherman
Title: President

1.1(a)(ix) Owned Transferred Intellectual Property

- The following trademarks:

Name	Disclosed Date		Registration Number	Live/Dead	Reason
DIALTONE INTERNET	4/19/2002		n/a – common law trademark	Live	
DIALTONE.COM	4/19/2002		n/a – common law trademark	Live	
HostPro (Australia)	4/3/2002		862965		
HostPro (Brazil)	3/23/2001				Pending
HostPro (Canada)	1/18/2001				Pending
HostPro (China)	5/14/2002		1769270		
HostPro (European Community)	11/11/2002		2037059		
HostPro (Hong Kong)	1/11/2001				Pending
HostPro (Japan)	5/10/2002		4566319		
HostPro (Mexico)	10/29/2001		719449		
HostPro (Russia)	12/18/2002		232137		
HostPro (Saudi Arabia)	12/11/2002		614185		
HostPro (Taiwan)	3/16/2002		162007		
HostPro (USA)	7/25/2000		2371005	Live	2000-07-25 - Registered - Principal Register See HostGo file for documents that relate to this mark.
INNERHOST	4/3/2001		2440125	Live	2001-04-03 - Registered - Principal Register

SCHEDULE 1.4(b)

ASSETS OWNED BY SELLER SUBSIDIARIES

HOSTCENTRIC, INC.

1. Any deposits or prepayments listed in Schedule 1.1(a)(ii) made on behalf of Assets owned by Hostcentric, Inc.
2. All Assets listed in Schedule 1.1(a)(iii) – Spare Parts Inventories and located in the Fremont Data Center.
3. All Assets listed in Schedule 1.1(a)(v) – Tangible Personal Property and located in the Fremont Data Center
4. Data Storage and Service Agreement between Hostcentric and Iron Mountain (formerly Acrus Data Security) for off-site data storage of backup tapes at the Fremont Data Center dated March 8, 2001. This contract is scheduled to terminate in March 2006 and Seller pays to vendor approximately \$1,671.00 per month.***
5. License Agreement between Hostcentric, Inc. and Oracle for software license dated May 9, 2000.
6. Maintenance Agreement between Hostcentric and Commercial Mechanical Services, Inc. for the Fremont Data Center air conditioning systems maintenance dated September 16, 2002.
7. Master Services Agreement between Hostcentric, Inc., a California corporation, and Irandall, Inc., a California corporation, for database administration dated May 2, 2002.
8. Service Agreement and Maintenance Proposal between Hostcentric and SYSTAT for liebert and powerware UPS systems maintenance dated September 18, 2002.
9. Service Agreement between Hostcentric and Peterson Power Systems, Inc. for generator maintenance at the Fremont Data Center dated April 9, 2002.
10. Settlement Agreement and Release between Hostcentric Management Company LP and Oracle Corporation dated November 20, 2002.
11. Contracts with customers identified in Schedule 1.1(a)(viii) as “Hostcentric Managed Customers.”
12. Contracts with customers identified in Schedule 1.1(a)(viii) as “Hostcentric Basic Customers.”

The following domain names:

Domain name	Expiration Date
MAXIM.NET	9/14/2005

INNERHOST, INC.

1. Any deposits or prepayments listed in Schedule 1.1(a)(ii) made on behalf of Assets owned by INNERHOST, Inc.
2. All Assets listed in Schedule 1.1(a)(iii) – Spare Parts Inventories and located in the Miami Data Center.
3. All Assets listed in Schedule 1.1(a)(v) – Tangible Personal Property and located in the Miami Data Center.
4. The Miami Lease as outlined in Schedule 1.1(a)(iv).
5. Elevator Maintenance Agreement between Innerhost and Thyssen Krupp Miami Elevator Company for elevator service dated June 21, 2000.
6. Security Agreement between Innerhost, Inc., a Florida corporation, and Dade Federal Investigation Agency, Inc. for security guards at Miami Data Center dated December 19, 2003.
7. Proposal Specifications and Service Agreement between Innerhost and Dart Maintenance & Supply, Inc. for janitorial services at the Miami Data Center dated August 4, 2004.
8. Service Agreement between Innerhost and General Hauling Service, Inc. for solid waste collection at the Miami Data Center dated April 20, 2001.

The following trademark:

Name	Disclosed Date	Registration Number	Live/Dead	Reason
INNERHOST	4/3/2001	2440125	Live	2001-04-03 -- Registered – Principal Register

The following domain names:

Domain name	Expiration Date
INNERHOST.COM	6/3/2009
INNERHOST.NET	6/3/2009
INTERNET-DNS.NET	5/11/2009

HOSTCENTRIC TECHNOLOGIES, INC.

1. The Fremont Lease as outlined in Schedule 1.1(a)(iv).
2. Contract between Pacific Bell and Maxim Computers (dba Hostcentric) for an OC48 ring from 42712 Lawrence Place Fremont, CA to the following premise node locations: *Bryan Street, Palo Alto, CA *3045 Raymond St., Santa Clara, CA dated April 20, 2001.

DIALTONE, INC.

The following trademarks:

Name	Disclosed Date	Registration Number	Live/Dead	Reason
DIALTONE INTERNET	4/19/2002	n/a – common law trademark	Live	
DIALTONE.COM	4/19/2002	n/a – common law trademark	Live	

The following domain names:

Domain name	Expiration Date
DIALTONE.COM	10/23/2011
DIALTONEINTERNET.COM	1/7/2010
DIALTONEINTERNET.NET	6/29/2008
MYMANAGEDHOSTING.COM	4/15/2007

HOSTPRO, INC.

The following domain names:

Domain name	Expiration Date
HOSTPRO.COM	1/6/2006
HOSTPRO.ORG	3/13/2009