Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-14902

MERIDIAN BIOSCIENCE, INC.

Incorporated under the laws of Ohio

31-0888197
(I.R.S. Employer Identification No.)

3471 River Hills Drive
Cincinnati, Ohio 45244
(513) 271-3700

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding April 30, 2016
Common Stock, no par value	**42,074,802**

Table of Contents

MERIDIAN BIOSCIENCE, INC. AND SUBSIDIARIES
TABLE OF CONTENTS TO QUARTERLY REPORT ON FORM 10-Q

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor from civil litigation for forward-looking statements accompanied by meaningful cautionary statements. Except for historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, which may be identified by words such as "estimates", "anticipates", "projects", "plans", "seeks", "may", "will", "expects", "intends", "believes", "should" and similar expressions or the negative versions thereof and which also may be identified by their context. All statements that address operating performance or events or developments that Meridian expects or anticipates will occur in the future, including, but not limited to, statements relating to per share diluted earnings and revenue, are forward-looking statements. Such statements, whether expressed or implied, are based upon current expectations of the Company and speak only as of the date made. Specifically, Meridian's forward-looking statements are, and will be, based on management's then-current views and assumptions regarding future events and operating performance. Meridian assumes no obligation to publicly update or revise any forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized. These statements are subject to various risks, uncertainties and other factors that could cause actual results to differ materially, including, without limitation, the following: Meridian's continued growth depends, in part, on its ability to introduce into the marketplace enhancements of existing products or new products that incorporate technological advances, meet customer requirements and respond to products developed by Meridian's competition, and its ability to effectively sell such products. While Meridian has introduced a number of internally developed products, there can be no assurance that it will be successful in the future in introducing such products on a timely basis. Meridian relies on proprietary, patented and licensed technologies, and the Company's ability to protect its intellectual property rights, as well as the potential for intellectual property litigation, would impact its results. Ongoing consolidations of reference laboratories and formation of multi-hospital alliances may cause adverse changes to pricing and distribution. Recessionary pressures on the economy and the markets in which our customers operate, as well as adverse trends in buying patterns from customers can change expected results. Costs and difficulties in complying with laws and regulations, including those administered by the United States Food and Drug Administration, can result in

unanticipated expenses and delays and interruptions to the sale of new and existing products. The international scope of Meridian's operations, including changes in the relative strength or weakness of the U.S. dollar and general economic conditions in foreign countries, can impact results and make them difficult to predict. One of Meridian's growth strategies is the acquisition of companies and product lines. There can be no assurance that additional acquisitions will be consummated or that, if consummated, will be successful and the acquired businesses will be successfully integrated into Meridian's operations. There may be risks that acquisitions may disrupt operations and may pose potential difficulties in employee retention and there may be additional risks with respect to Meridian's ability to recognize the benefits of acquisitions, including potential synergies and cost savings or the failure of acquisitions to achieve their plans and objectives. Meridian cannot predict the possible impact of U.S. health care legislation enacted in 2010 – the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act – and any modification or repeal of any of the provisions thereof, and any similar initiatives in other countries on its results of operations. Efforts to reduce the U.S. federal deficit, breaches of Meridian's information technology systems and natural disasters and other events could have a materially adverse effect on Meridian's results of operations and revenues. In addition to the factors described in this paragraph, Part I, Item 1A Risk Factors of our Form 10-K contains a list and description of uncertainties, risks and other matters that may affect the Company.

Table of Contents

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

MERIDIAN BIOSCIENCE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (Unaudited)
(in thousands, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
NET REVENUES	$51,259	$51,545	$98,419	$99,558
COST OF SALES	17,687	19,024	33,264	37,800
GROSS PROFIT	33,572	32,521	65,155	61,758
OPERATING EXPENSES				
Research and development	3,129	3,368	6,510	6,471
Selling and marketing	7,210	6,481	13,653	12,561
General and administrative	6,875	6,940	14,769	14,325
Transaction costs	1,202	—	1,481	—
Total operating expenses	18,416	16,789	36,413	33,357
OPERATING INCOME	15,156	15,732	28,742	28,401
OTHER INCOME (EXPENSE)				
Interest income	3	6	20	12
Interest expense	(43)	—	(43)	—
Other, net	(324)	(211)	(228)	(793)
Total other income (expense)	(364)	(205)	(251)	(781)
EARNINGS BEFORE INCOME TAXES	14,792	15,527	28,491	27,620
INCOME TAX PROVISION	5,701	5,457	10,507	9,649
NET EARNINGS	$ 9,091	$10,070	$17,984	$17,971
BASIC EARNINGS PER COMMON SHARE	$ 0.22	$ 0.24	$ 0.43	$ 0.43
DILUTED EARNINGS PER COMMON SHARE	$ 0.21	$ 0.24	$ 0.42	$ 0.43
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC	42,053	41,707	41,984	41,636
EFFECT OF DILUTIVE STOCK OPTIONS AND RESTRICTED SHARES AND UNITS	372	341	376	336
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED	42,425	42,048	42,360	41,972
ANTI-DILUTIVE SECURITIES:				
Common share options and restricted shares and units	444	570	476	546
DIVIDENDS DECLARED PER COMMON SHARE	$ 0.20	$ 0.20	$ 0.40	$ 0.40

The accompanying notes are an integral part of these condensed consolidated financial statements.

MERIDIAN BIOSCIENCE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Unaudited)
(in thousands)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
NET EARNINGS	$ 9,091	$ 10,070	$17,984	$17,971
Other comprehensive income (loss):				
Foreign currency translation adjustment	(78)	(2,138)	(865)	(3,503)
Unrealized loss on cash flow hedge	(694)	—	(694)	—
Income taxes related to items of other comprehensive income	243	—	243	—
Other comprehensive income (loss), net of tax	(529)	(2,138)	(1,316)	(3,503)
COMPREHENSIVE INCOME	$ 8,562	$ 7,932	$16,668	$14,468

The accompanying notes are an integral part of these condensed consolidated financial statements.

MERIDIAN BIOSCIENCE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

Six Months Ended March 31,	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ 17,984	$ 17,971
Non-cash items included in net earnings:		
Depreciation of property, plant and equipment	1,785	1,832
Amortization of intangible assets	762	900
Amortization of deferred instrument costs	544	754
Stock-based compensation	2,290	1,954
Deferred income taxes	(306)	(257)
Losses on long-lived assets	659	—
Change in current assets, net of acquisition	(6,905)	(6,910)
Change in current liabilities, net of acquisition	1,505	3,368
Other, net	143	419
Net cash provided by operating activities	18,461	20,031
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,524)	(2,561)
Purchase of equity method investment	(600)	—
Acquisition of Magellan, net of cash received	(62,177)	—
Purchase of intangible assets	(16)	—
Net cash used for investing activities	(64,317)	(2,561)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(16,817)	(16,671)
Proceeds from term loan, net of issuance costs	59,842	—
Proceeds and tax benefits from exercises of stock options	1,969	654
Net cash provided by (used for) financing activities	44,994	(16,017)
Effect of Exchange Rate Changes on Cash and Equivalents	(165)	(1,781)
Net Decrease in Cash and Equivalents	(1,027)	(328)
Cash and Equivalents at Beginning of Period	49,973	43,047
Cash and Equivalents at End of Period	$ 48,946	$ 42,719

The accompanying notes are an integral part of these condensed consolidated financial statements.

MERIDIAN BIOSCIENCE, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands)

ASSETS

	March 31, 2016 (Unaudited)	September 30, 2015
CURRENT ASSETS		
Cash and equivalents	$ 48,946	$ 49,973
Accounts receivable, less allowances of $320 and $248	32,450	26,254
Inventories	41,934	35,817
Prepaid expenses and other current assets	4,866	7,378
Total current assets	128,196	119,422
PROPERTY, PLANT AND EQUIPMENT, at Cost		
Land	987	986
Buildings and improvements	30,870	30,056
Machinery, equipment and furniture	45,009	41,541
Construction in progress	1,223	1,139
Subtotal	78,089	73,722
Less: accumulated depreciation and amortization	47,906	46,230
Net property, plant and equipment	30,183	27,492
OTHER ASSETS		
Goodwill	64,457	22,349
Other intangible assets, net	32,602	5,931
Restricted cash	1,000	1,000
Deferred instrument costs, net	1,567	1,750
Deferred income taxes	—	4,954
Other assets	356	384
Total other assets	99,982	36,368
TOTAL ASSETS	$ 258,361	$ 183,282

The accompanying notes are an integral part of these condensed consolidated financial statements.

MERIDIAN BIOSCIENCE, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(dollars in thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 2016 (Unaudited)	September 30, 2015
CURRENT LIABILITIES		
Accounts payable	$ 7,891	$ 6,646
Accrued employee compensation costs	5,888	5,132
Other accrued expenses	3,680	2,587
Current portion of long-term debt	3,000	—
Income taxes payable	807	886
Total current liabilities	21,266	15,251
NON-CURRENT LIABILITIES		
Acquisition consideration payable	2,198	—
Non-current compensation liabilities	2,204	2,158
Interest rate swap liability	694	—
Long-term debt	56,842	—
Deferred income taxes	5,311	—
Total non-current liabilities	67,249	2,158
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, no par value; 1,000,000 shares authorized; none issued	—	—
Common shares, no par value; 71,000,000 shares authorized, 42,074,542 and 41,838,399 shares issued, respectively	—	—
Additional paid-in capital	121,273	117,151
Retained earnings	52,219	51,052
Accumulated other comprehensive income	(3,646)	(2,330)
Total shareholders' equity	169,846	165,873
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 258,361	$ 183,282

The accompanying notes are an integral part of these condensed consolidated financial statements.

MERIDIAN BIOSCIENCE, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
(dollars and shares in thousands)

	Common Shares Issued	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at September 30, 2015	41,838	$117,151	$ 51,052	$ (2,330)	$ 165,873
Cash dividends paid	—	—	(16,817)	—	(16,817)
Exercise of stock options	121	1,832	—	—	1,832
Conversion of restricted stock units	116	—	—	—	—
Stock compensation expense	—	2,290	—	—	2,290
Net earnings	—	—	17,984	—	17,984
Foreign currency translation adjustment	—	—	—	(865)	(865)
Hedging activity, net of tax	—	—	—	(451)	(451)
Balance at March 31, 2016	42,075	$121,273	$ 52,219	$ (3,646)	$ 169,846

The accompanying notes are an integral part of these condensed consolidated financial statements.

MERIDIAN BIOSCIENCE, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
Dollars in Thousands, Except Per Share Amounts
(Unaudited)

1. Basis of Presentation

The interim condensed consolidated financial statements are unaudited and are prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information, and the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of Management, the interim financial statements include all normal adjustments and disclosures necessary to present fairly the Company's financial position as of March 31, 2016, the results of its operations for the three and six month periods ended March 31, 2016 and 2015, and its cash flows for the six month periods ended March 31, 2016 and 2015. These statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's fiscal 2015 Annual Report on Form 10-K. Financial information as of September 30, 2015 has been derived from the Company's audited consolidated financial statements. The results of operations for interim periods are not necessarily indicative of the results to be expected for the year.

The Company's Condensed Consolidated Balance Sheet as of March 31, 2016 includes the condensed balance sheet of Magellan Biosciences, Inc., and its wholly-owned subsidiary Magellan Diagnostics, Inc. (collectively, "Magellan"), as set forth and more fully described in Note 3. Due to the immateriality of the amounts, revenues and expenses related to Magellan for the period owned by the Company (March 24 – March 31, 2016) are excluded from the Company's Condensed Consolidated Statements of Operations for the three or six months ended March 31, 2016.

2. Significant Accounting Policies

A summary of the Company's significant accounting policies is included in Note 1 to the audited consolidated financial statements of the Company's fiscal 2015 Annual Report on Form 10-K.

(a) ***Recent Accounting Pronouncements –***

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes and replaces nearly all currently-existing U.S. GAAP revenue recognition guidance including related disclosure requirements. This guidance will be effective for the Company beginning October 1, 2018 (fiscal 2019). The Company has not yet completed its assessment of the impact that adoption of this guidance will have on its financial statements.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*, which simplifies the financial statement presentation of deferred income taxes by requiring that deferred income tax assets and liabilities be classified as noncurrent within a classified statement of financial position. Adoption and implementation of the guidance is not required by the Company until issuance of fiscal 2018 first quarter financial statements. However, due to early adoption being permitted and believing the required presentation results in more useful and comparable information related to our net deferred income taxes, the Company has chosen to adopt the guidance as of December 31, 2015 and retrospectively apply the guidance to the prior period presented. This retrospective application results in $3,431 of deferred income tax assets being reclassified from current assets to non-current assets in the September 30, 2015 balance sheet included herein. Adoption of this guidance did not have an impact on the Company's consolidated results of operations or cash flows.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which amends the accounting guidance related to leases. These changes, which are designed to increase transparency and comparability among organizations for both lessees and lessors, include, among other things, requiring recognition of lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. Adoption and implementation of the guidance is not required by the Company until the beginning of fiscal 2020, although early adoption is permitted. The Company has not yet completed its assessment of the impact that adoption of this guidance will have on its financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which amends the accounting for share-based payment transactions. These changes, which are designed for simplification, involve several aspects of the accounting for share-based transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Adoption and implementation of the guidance is not required by the Company until the beginning of fiscal 2018, although early adoption is permitted. The Company has not yet completed its assessment of the impact that adoption of this guidance will have on its financial statements.

Issued but not yet effective accounting pronouncements are not expected to have a material impact on the Condensed Consolidated Financial Statements.

(b) ***Reclassifications*** **–**

Certain reclassifications have been made to the prior period financial statements to conform to the current fiscal period presentation. Such reclassifications had no impact on net earnings or shareholders' equity.

3. Acquisition of Magellan

On March 24, 2016, we acquired all of the outstanding common stock of Magellan Biosciences, Inc., and its wholly-owned subsidiary Magellan Diagnostics, Inc. (collectively, "Magellan"), for $67,800, utilizing the proceeds from a new $60,000 five-year term loan and cash and equivalents on hand. An amount of the acquisition consideration totaling $2,198 remains payable to the sellers, pending the realization of tax benefits for certain net operating loss carryforwards in future tax returns. Headquartered near Boston, Massachusetts, Magellan is a leading manufacturer of FDA-cleared products for the testing of blood to diagnose lead poisoning in children and adults. Magellan is the leading provider of point-of-care lead testing systems in the U.S.

As a result of the consideration paid exceeding the preliminary fair value of the net assets acquired, goodwill in the amount of $42,730 was recorded in connection with this acquisition, none of which will be deductible for tax purposes. This goodwill results largely from the addition of Magellan's complementary customer base and distribution channels, industry reputation in the U.S. as a leader in lead testing, and management talent and workforce. Our Condensed Consolidated Statements of Operations for the three and six months ended March 31, 2016 include $1,173 of transaction costs related to the Magellan acquisition, which are reflected as Operating Expenses.

The recognized preliminary amounts of identifiable assets acquired and liabilities assumed in the acquisition of Magellan are as follows:

	PRELIMINARY
Fair value of assets acquired -	
Cash and equivalents	$ 3,420
Accounts receivable	1,700
Inventories	1,400
Other current assets	330
Property, plant and equipment	2,790
Goodwill	42,730
Other intangible assets (estimated useful life):	
Customer relationships (15 years)	12,630
Technology (10 years)	10,550
Non-compete agreements (2 years)	740
Trade names (approximate 5 year weighted average)	3,690
	79,980
Fair value of liabilities assumed -	
Accounts payable and accrued expenses	1,610
Deferred income tax liabilities	10,570
Total consideration (including $2,198 accrued to be paid)	$ 67,800

As indicated, the allocation of the purchase price and estimated useful lives of property, plant and equipment, and intangible assets shown above is preliminary, pending final completion of valuations. We are currently assessing the amount of tax net operating loss carryforwards available to us. Upon completion of this analysis, an amount will be reclassified from goodwill to deferred taxes.

The consolidated pro forma results of the combined entities of Meridian and Magellan, had the acquisition date been October 1, 2014, are as follows for the periods indicated:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Net Revenues	$54,961	$55,073	$106,057	$106,970
Net Earnings	$ 9,658	$ 9,537	$ 18,211	$ 15,781
Diluted Earnings Per Common Share	$ 0.23	$ 0.23	$ 0.43	$ 0.38

These pro forma amounts have been calculated by including the results of Magellan, and adjusting the combined results to reflect (i) the transaction costs incurred by the Company; (ii) the additional depreciation and amortization that would have been charged assuming the preliminary fair value adjustments to inventory ($154), property, plant and equipment ($550) and identifiable intangible assets ($27,610) had been applied on October 1, 2014; and (iii) the interest expense that would have been incurred on the Company's $60,000 term note had the borrowing occurred on October 1, 2014 – together with the consequential tax effects.

4. Cash and Equivalents

Cash and equivalents include the following components:

	March 31, 2016		September 30, 2015	
	Cash and Equivalents	Other Assets	Cash and Equivalents	Other Assets
Overnight repurchase agreements	$ 21,727	$ —	$ 25,436	$ —
Cash on hand -				
Restricted	—	1,000	—	1,000
Unrestricted	27,219	—	24,537	—
Total	$ 48,946	$1,000	$ 49,973	$1,000

5. Inventories

Inventories are comprised of the following:

	March 31, 2016	September 30, 2015
Raw materials	$ 8,378	$ 7,095
Work-in-process	11,745	10,096
Finished goods - instruments	2,640	1,890
Finished goods - kits and reagents	19,171	16,736
Total	$ 41,934	$ 35,817

6. Intangible Assets

A summary of our acquired intangible assets subject to amortization, as of March 31, 2016 and September 30, 2015 is as follows:

	March 31, 2016		September 30, 2015	
	Gross Carrying Value	Accumulated Amortization	Gross Carrying Value	Accumulated Amortization
Manufacturing technologies, core products and cell lines	$22,055	$ 11,012	$11,582	$ 10,906
Trademarks, licenses and patents	9,965	3,596	6,410	3,296
Customer lists and relationships, and supply agreements	24,531	10,081	12,105	9,964
Non-compete agreements	740	—	—	—
	$57,291	$ 24,689	$30,097	$ 24,166

The actual aggregate amortization expense for these intangible assets was $374 and $431 for the three months ended March 31, 2016 and 2015, respectively, and $762 and $900 for the six months ended March 31, 2016 and 2015, respectively. The estimated aggregate amortization expense for these intangible assets for each of the fiscal years through fiscal 2021 is as follows: remainder of fiscal 2016 – $2,106, fiscal 2017 – $4,075, fiscal 2018 – $3,869, fiscal 2019 – $3,644, fiscal 2020 – $3,474 and fiscal 2021 – $2,578.

7. Bank Credit Arrangements

In connection with the acquisition of Magellan (see Note 3), on March 22, 2016 the Company entered into a $60,000 five-year term loan with a commercial bank. The term loan requires quarterly principal and interest payments, with interest at a variable rate tied to LIBOR and a balloon principal payment of $37,500 at the end of five years. Due to the recent execution date of the term loan and interest being determined on a variable rate basis, the fair value of the term loan at March 31, 2016 approximates the current carrying value reflected in the accompanying Condensed Consolidated Balance Sheet.

In addition, the Company continues to maintain a $30,000 credit facility with the same commercial bank, which expires March 31, 2021. As there were no borrowings outstanding on this credit facility at March 31, 2016 or September 30, 2015, available borrowings as of both dates totaled $30,000. The term loan and the credit facility are collateralized by the business assets of the Company's U.S. subsidiaries, and require compliance with financial covenants that limit the amount of debt obligations and require a minimum level of coverage of fixed charges, as defined in the borrowing agreement. We are in compliance with all covenants.

In order to limit exposure to volatility in the LIBOR interest rate, the Company and the commercial bank also entered into an interest rate swap that effectively converts the variable interest rate on the term loan to a fixed rate. With an initial notional balance of $60,000, the interest rate swap has been established with critical terms identical to those of the term loan, including (i) notional reduction amounts and dates; (ii) LIBOR settlement rates; (iii) rate reset dates; and (iv) term/maturity. Due to this, the interest swap has been designated as an effective cash flow hedge, with changes in fair value reflected as a separate component of other comprehensive income in the accompanying Condensed Consolidated Statements of Comprehensive Income. At March 31, 2016, the fair value of the interest rate swap was $694, and is reflected as a non-current liability in the accompanying Condensed Consolidated Balance Sheet. This fair value was determined by reference to a market quote, and is considered a Level 2 input within the fair value hierarchy of valuation techniques.

8. Reportable Segment and Major Customers Information

Meridian was formed in 1976 and functions as a fully-integrated research, development, manufacturing, marketing, and sales organization with primary emphasis in the fields of infectious disease (in vitro) and blood lead diagnostics and life science. Our principal businesses are (i) the development, manufacture and distribution of diagnostic test kits primarily for gastrointestinal, viral, respiratory, parasitic infectious diseases, and elevated blood lead levels; and (ii) the manufacture and distribution of bulk antigens, antibodies, PCR/qPCR reagents, nucleotides, competent cells and bioresearch reagents used by researchers and other diagnostic manufacturers, and the contract development and manufacture of proteins and other biologicals for use by biopharmaceutical and biotechnology companies engaged in research for new drugs and vaccines.

Our reportable segments are Diagnostics and Life Science, both of which are headquartered in Cincinnati, Ohio, which also serves as the Diagnostics segment's base of manufacturing operations and research and development for infectious disease products. The Diagnostics segment includes the Company's recent acquisition of Magellan, which is located in Billerica, Massachusetts (near Boston). Its facility includes research, development, manufacturing, marketing, sales, and distribution operations. The Diagnostics segment has sales and distribution facilities for infectious disease diagnostics in the United States, Europe and Australia. The Life Science segment consists of manufacturing operations in Memphis, Tennessee; Boca Raton, Florida; London, England; Luckenwalde, Germany; and Sydney, Australia, and the sale and distribution of bulk antigens, antibodies, PCR/qPCR reagents, nucleotides, competent cells and bioresearch reagents domestically and abroad, including sales and business development offices in Singapore and Beijing, China to further pursue growing revenue opportunities in Asia.

Amounts due from two Diagnostics distributor customers accounted for 18% and 21% of consolidated accounts receivable at March 31, 2016 and September 30, 2015, respectively. Revenues from these two distributor customers accounted for 26% and 32% of the Diagnostics segment third-party revenues during the three months ended March 31, 2016 and 2015, respectively, and 33% and 36% during the six months ended March 31, 2016 and 2015, respectively. These distributors represented 19% and 24% of consolidated revenues for the fiscal 2016 and 2015 second quarters, respectively, and 24% and 27% for the respective year-to-date six month periods.

Within our Life Science segment, two diagnostic manufacturing customers accounted for 18% and 16% of the segment's third-party revenues during the three months ended March 31, 2016 and 2015, respectively, and 18% and 17% during the six months ended March 31, 2016 and 2015, respectively.

Segment information for the interim periods is as follows:

	Diagnostics	Life Science	Eliminations(1)	Total
Three Months Ended March 31, 2016				
Net revenues -				
Third-party	$ 37,354	$ 13,905	$ —	$ 51,259
Inter-segment	84	387	(471)	—
Operating income	11,196	4,154	(194)	15,156
Goodwill (March 31, 2016)	43,985	20,472	—	64,457
Other intangible assets, net (March 31, 2016)	29,694	2,908	—	32,602
Total assets (March 31, 2016)	190,447	68,349	(435)	258,361
Three Months Ended March 31, 2015				
Net revenues -				
Third-party	$ 38,662	$ 12,883	$ —	$ 51,545
Inter-segment	85	225	(310)	—
Operating income	12,083	3,596	53	15,732
Goodwill (September 30, 2015)	1,250	21,099	—	22,349
Other intangible assets, net (September 30, 2015)	2,364	3,567	—	5,931
Total assets (September 30, 2015)	119,939	63,670	(327)	183,282
Six Months Ended March 31, 2016				
Net revenues -				
Third-party	$ 72,655	$ 25,764	$ —	$ 98,419
Inter-segment	155	754	(909)	—
Operating income	21,526	7,390	(174)	28,742
Six Months Ended March 31, 2015				
Net revenues -				
Third-party	$ 75,248	$ 24,310	$ —	$ 99,558
Inter-segment	189	522	(711)	—
Operating income	22,367	6,085	(51)	28,401

(1) Eliminations consist of inter-segment transactions.

Transactions between segments are accounted for at established intercompany prices for internal and management purposes, with all intercompany amounts eliminated in consolidation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Refer to "Forward-Looking Statements" following the Table of Contents in front of this Form 10-Q. In the discussion that follows, all dollar amounts are in thousands (both tables and text), except per share data.

Following is a discussion and analysis of the financial statements and other statistical data that management believes will enhance the understanding of Meridian's financial condition, changes in financial condition and results of operations. This discussion should be read in conjunction with the financial statements and notes thereto beginning on page 1.

RESULTS OF OPERATIONS

Quarterly Highlights

As more fully detailed below, the second quarter of fiscal 2016 was highlighted by our March 24, 2016 acquisition of Magellan Biosciences, Inc., and its wholly-owned subsidiary Magellan Diagnostics, Inc. (collectively, "Magellan"). Headquartered near Boston, Massachusetts, Magellan is a leading manufacturer of FDA-cleared products for the testing of blood to diagnose lead poisoning in children and adults. Magellan is the leading provider of point-of-care lead testing systems in the U.S. In addition, during the quarter we commercialized our ***illumi****gene*® Malaria product outside of the U.S., representing the ninth assay for our ***illumi****gene* molecular platform menu.

Three Months Ended March 31, 2016

Net earnings for the second quarter of fiscal 2016 decreased 10% to $9,091, or $0.21 per diluted share, from net earnings for the second quarter of fiscal 2015 of $10,070, or $0.24 per diluted share. Reflected within the fiscal 2016 results are transaction costs related to acquisition activity, including the Magellan acquisition ($1,000, or $0.02 per diluted share, net of tax). Consolidated revenues decreased 1% to $51,259 for the second quarter of fiscal 2016 compared to the same period of the prior year, and were flat on a constant-currency basis.

Included within the fiscal 2016 second quarter were revenues from our ***illumi****gene* molecular platform of products totaling $9,665, representing a 5% decrease from the fiscal 2015 second quarter. Also contributing to the consolidated revenue decrease were decreased revenues in two of our diagnostic focus product families (*C. difficile* and foodborne). Serving to substantially offset these decreases were increased revenues in our *H. pylori*, respiratory and women's health & STD focus product families and both of our Life Science segment's business lines (i.e., molecular components and immunoassay components).

Revenues for the Diagnostics segment for the second quarter of fiscal 2016 decreased 3% compared to the second quarter of fiscal 2015 (also down 3% on a constant-currency basis), reflecting the following for each of our focus product families: 10% decline in our foodborne products, 23% decline in our *C. difficile* products, 8% growth in our *H. pylori* products, 10% growth in our respiratory products, and 21% growth in our women's health & STD products. With growth in both its molecular components and immunoassay components business, revenues of our Life Science segment increased by 8% during the second quarter of fiscal 2016 compared to the second quarter of fiscal 2015, increasing 9% on a constant-currency basis.

Six Months Ended March 31, 2016

For the six month period ended March 31, 2016, net earnings were flat at $17,984, or $0.42 per diluted share, compared to net earnings for the comparable fiscal 2015 period of $17,971, or $0.43 per diluted share. Reflected within the year-to-date fiscal 2016 results are transaction costs related to acquisition activity, including the Magellan acquisition ($1,233, or $0.03 per diluted share, net of tax). Consolidated revenues decreased 1% to $98,419 for the first six months of fiscal 2016 compared to the same period of the prior year, and were flat on a constant-currency basis.

Included within the six month year-to-date fiscal 2016 results were revenues from our ***illumi****gene* molecular platform of products totaling $19,501, representing a 3% decrease from the first six months of fiscal 2015. Also contributing to the consolidated revenue decrease were decreased revenues in two of our diagnostic focus product families (*C. difficile* and foodborne) and flat revenues in our respiratory family of products and our

Life Science segment's molecular components business line. Serving to substantially offset these items were increased revenues in our *H. pylori* and women's health & STD focus product families and our Life Science segment's immunoassay components business line.

During the first six months of fiscal 2016, revenues for the Diagnostics segment decreased 3% from the comparable fiscal 2015 period (also down 3% on a constant-currency basis), reflecting the following for each of our focus product families: 11% decline in our foodborne products, 13% decline in our *C. difficile* products, flat revenues in our respiratory products, 13% growth in our *H. pylori* products, and 14% growth in our women's health & STD products. With growth in its immunoassay components business and flat revenue in its molecular components business, revenues of our Life Science segment increased by 6% during the first six months of fiscal 2016, increasing 8% on a constant-currency basis.

NON-GAAP INFORMATION

The tables below provide information on net earnings, basic earnings per share and diluted earnings per share, excluding the effect of costs associated with acquisition activity, each of which is a non-GAAP financial measure, as well as reconciliations to amounts reported under U.S. Generally Accepted Accounting Principles. We believe that this information is useful to those who read our financial statements and evaluate our operating results because:

1. These measures help to appropriately evaluate and compare the results of operations from period to period by removing the impact of non-routine costs related to acquisition activity; and
2. These measures are used by our management for various purposes, including evaluating performance against incentive bonus achievement targets, comparing performance from period to period in presentations to our board of directors, and as a basis for strategic planning and forecasting.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Net Earnings -				
U.S. GAAP basis	$ 9,091	$10,070	$17,984	$17,971
Transaction costs (1)	1,000	—	1,233	—
Adjusted earnings	$10,091	$10,070	$19,217	$17,971
Net Earnings per Basic Common Share -				
U.S. GAAP basis	$ 0.22	$ 0.24	$ 0.43	$ 0.43
Transaction costs (1)	0.02	—	0.03	—
Adjusted Basic EPS	$ 0.24	$ 0.24	$ 0.46	$ 0.43
Net Earnings per Diluted Common Share -				
U.S. GAAP basis	$ 0.21	$ 0.24	$ 0.42	$ 0.43
Transaction costs (1)	0.02	—	0.03	—
Adjusted Diluted EPS (2)	$ 0.24	$ 0.24	$ 0.45	$ 0.43

(1) These transaction costs are net of income tax effects of $202 and $248 for the three and six month periods, respectively, which were calculated using the effective tax rates of the jurisdictions in which the costs were incurred.
(2) Net Earnings per Diluted Common Share for the three months ended March 31, 2016 does not sum to the total due to rounding.

REVENUE OVERVIEW

Below are analyses of the Company's revenue, provided for each of the following:

- By Reportable Segment & Geographic Region
- By Product Platform/Type
- By Disease Family (Diagnostics only)

Revenue Overview- By Reportable Segment & Geographic Region

Our reportable segments are Diagnostics and Life Science. The Diagnostics segment consists of manufacturing operations for infectious disease products in Cincinnati, Ohio and as a result of our recent acquisition of Magellan, manufacturing operations for products detecting elevated levels of lead in blood in Billerica, Massachusetts (near Boston). These diagnostic test products are sold and distributed in the countries comprising North, Central and South America (the "Americas"); Europe, Middle East and Africa ("EMEA"); and other countries outside of the Americas and EMEA (rest of the world, or "ROW"). The Life Science segment consists of manufacturing operations in Memphis, Tennessee; Boca Raton, Florida; London, England; Luckenwalde, Germany; and Sydney, Australia, and the sale and distribution of bulk antigens, antibodies, PCR/qPCR reagents, nucleotides, competent cells and bioresearch reagents domestically and abroad, including sales and business development offices in Singapore and Beijing, China to further pursue growing revenue opportunities in Asia.

Revenues for the Diagnostics segment, in the normal course of business, may be affected from quarter to quarter by buying patterns of major distributors, seasonality and strength of certain diseases, and foreign currency exchange rates. Revenues for the Life Science segment, in the normal course of business, may be affected from quarter to quarter by buying patterns of major customers and foreign currency exchange rates. We believe that the overall breadth of our product lines serves to reduce the variability in consolidated revenues due to these factors.

	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Inc (Dec)	2016	2015	Inc (Dec)
Diagnostics-						
Americas	$31,864	$32,179	(1)%	$61,979	$63,092	(2)%
EMEA	4,882	5,530	(12)%	9,531	10,533	(10)%
ROW	608	953	(36)%	1,145	1,623	(29)%
Total Diagnostics	37,354	38,662	(3)%	72,655	75,248	(3)%
Life Science-						
Americas	6,356	5,910	8%	11,459	11,209	2%
EMEA	4,614	5,002	(8)%	9,150	8,760	4%
ROW	2,935	1,971	49%	5,155	4,341	19%
Total Life Science	13,905	12,883	8%	25,764	24,310	6%
Consolidated	$51,259	$51,545	(1)%	$98,419	$99,558	(1)%
% of total revenues-						
Diagnostics	73%	75%		74%	76%	
Life Science	27%	25%		26%	24%	
Total	100%	100%		100%	100%	
Ex-Americas	25%	26%		25%	25%	

Revenue Overview- By Product Platform/Type

The revenues generated by each of our reportable segments result primarily from the sale of the following segment-specific categories of products:

Diagnostics

1) Molecular tests that operate on our ***illumi****gene* platform

2) Immunoassay tests on multiple technology platforms

Life Science

1) Molecular components

2) Immunoassay components

Revenues for each product platform/type, as well as its relative percentage of segment revenue, are shown below.

	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Inc (Dec)	2016	2015	Inc (Dec)
Diagnostics-						
Molecular	$ 9,665	$10,192	(5)%	$19,501	$20,100	(3)%
Immunoassay	27,689	28,470	(3)%	53,154	55,148	(4)%
Total Diagnostics	$37,354	$38,662	(3)%	$72,655	$75,248	(3)%
Life Science-						
Molecular components	$ 5,116	$ 4,893	5%	$ 9,865	$ 9,905	— %
Immunoassay components	8,789	7,990	10%	15,899	14,405	10%
Total Life Science	$13,905	$12,883	8%	$25,764	$24,310	6%
% of Diagnostics revenues-						
Molecular	26%	26%		27%	27%	
Immunoassay	74%	74%		73%	73%	
Total Diagnostics	100%	100%		100%	100%	
% of Life Science revenues-						
Molecular components	37%	38%		38%	41%	
Immunoassay components	63%	62%		62%	59%	
Total Life Science	100%	100%		100%	100%	

Following is a discussion of the revenues generated by each of these product platforms/types:

Diagnostics Products

illumi*gene Molecular Platform Products*

We have over 1,500 customer account placements. Of these account placements, over 1,300 accounts have completed evaluations and validations and are regularly purchasing product, with the balance of our account placements being in some stage of product evaluation and/or validation. Of our account placements, we have over 400 accounts that are regularly purchasing, evaluating and/or validating two or more assays.

We continue to invest in new product development for our molecular testing platform, ***illumi****gene*. This platform now has the following commercialized tests:

1. ***illumi****gene*® *C. difficile* – commercialized in August 2010
2. ***illumi****gene*® Group B *Streptococcus* (Group B Strep or GBS) – commercialized in December 2011
3. ***illumi****gene*® Group A *Streptococcus* (Group A Strep) – commercialized in September 2012

4. ***illumi****gene*® Mycoplasma (*M. pneumonia;* walking pneumonia) – commercialized in June 2013
5. ***illumi****gene*® *Bordetella pertussis* (whooping cough) – commercialized in March 2014
6. ***illumi****gene*® *Chlamydia trachomatis* – commercialized outside of U.S. in February 2015
7. ***illumi****gene*® *Neisseria gonorrhea* – commercialized outside of U.S. in February 2015
8. ***illumi****gene*® HSV 1&2 (Herpes Simplex Virus Type 1 & Type 2) – commercialized outside of U.S. in May 2015; commercialized in U.S. in July 2015
9. ***illumi****gene*® Malaria – commercialized outside of U.S. in February 2016

We have several additional ***illumi****gene* tests in development and have a robust pipeline of ***illumi****gene* opportunities. We continue to add new assays to our ***illumi****gene* platform menu, with our latest being malaria, which was launched in the EMEA region in February 2016.

We believe that the diagnostic testing market is continuing to selectively move away from culture and immunoassay testing to molecular testing for diseases where there is a favorable cost/benefit position for the total cost of health care. While this market is competitive, with molecular companies such as Cepheid and Becton Dickinson, and others such as Quidel, Great Basin, Nanosphere, and Alere, we believe we are well positioned to capitalize on the migration to molecular testing. Our simple, easy-to-use, ***illumi****gene* platform, with its expanding menu, requires no expensive equipment purchase and little to no maintenance cost. We believe these features, along with its small footprint and the performance of the ***illumi****gene* assays, make ***illumi****gene* an attractive molecular platform to any size hospital or physician office laboratory that runs moderately-complex tests.

Immunoassay Products

Revenues from our Diagnostics segment's immunoassay products decreased 3% in the second quarter of fiscal 2016 and decreased 4% on a six month year-to-date basis. As described in the product discussions below, the quarterly and year-to-date decreases result primarily from the decline in revenues of our foodborne, *C. difficile* and respiratory immunoassay products, partially offset by the revenue increase in our *H. pylori* products.

Life Science Products

During the second quarter of fiscal 2016, revenues from our Life Science segment increased 8%, with revenues from molecular component sales increasing 5% from the comparable fiscal 2015 quarter and revenues from immunoassay component sales increasing 10%. For the first six months of fiscal 2016, revenues from our Life Science segment increased 6%, with flat revenues from molecular component sales compared to the year-to-date fiscal 2015 period and revenues from immunoassay component sales increasing 10%. Our molecular component business' growth was negatively impacted by the movement in currency exchange rates since the fiscal 2015 periods, with revenues increasing 8% and 4% on a constant-currency basis over the second quarter and first six months of fiscal 2015, respectively. Our Life Science segment continued to benefit from increased sales into China, with such sales totaling approximately $1,000 and $1,500 during the fiscal 2016 second quarter and year-to-date periods, respectively, primarily in the immunoassay components business.

Diagnostics Revenue Overview- By Disease Family

Revenues from our focus families (*C. difficile*, foodborne, *H. pylori*, respiratory and women's health & STD) comprised 78% of our Diagnostics segment's revenues during both the second quarter of fiscal 2016 and fiscal 2015, comprising 80% and 78% during the first six months of fiscal 2016 and 2015, respectively. Following is a discussion of the revenues generated by each product family:

C. difficile Products

Revenues for our *C. difficile* product family decreased 23% to $6,300 for the fiscal 2016 second quarter (22% in constant-currency), and decreased 13% to $13,700 for the six month year-to-date period (12% in constant-currency). Our molecular products now represent approximately 80% of this product category. The *C. difficile* test market continues to be highly competitive, with over 10 suppliers in the United States, certain of which choose to compete solely on price.

Foodborne Products

Revenues from our foodborne products (Enterohemorrhagic *E. coli* (EHEC) and *Campylobacter*), all of which are immunoassay products, totaled $6,100 during the fiscal 2016 second quarter, a 10% decrease from the fiscal 2015 second quarter (also 10% in constant-currency). During the six months ended March 31, 2016, foodborne revenues totaled $11,400, an 11% decrease from the fiscal 2015 year-to-date period (also 11% in constant-currency). Revenues for our foodborne products during fiscal 2016 have been affected by distributor ordering patterns and increased competition. The primary competition for our foodborne products is laboratory culture methods and an immunoassay EHEC shiga toxin test from one of our competitors. We believe that our test offers better workflow, less hands-on time and quicker results, in addition to being fully compliant with CDC-recommended testing methods. More recently, multi-plex gastro-intestinal panels are introducing new competition in this product category.

H. pylori Products

During the fiscal 2016 second quarter, revenues from our *H. pylori* products, all of which are immunoassay products, increased 8% (also 8% in constant-currency) to $8,300. These revenues grew 13% to $17,000 during the first six months of fiscal 2016 (15% in constant-currency). These increases continue to reflect the benefits of our partnerships with managed care companies in promoting (i) the health and economic benefits of a test and treat strategy; (ii) changes in policies that discourage the use of traditional serology methods and promote the utilization of active infection testing methods; and (iii) physician behavior movement away from serology-based testing and toward direct antigen testing. A significant amount of the *H. pylori* product revenues are sales to reference labs, whose buying patterns may not be consistent from period to period. In addition to our managed care strategy, we have also employed bulk-buy sales promotions into selected distribution and laboratory channels as a defensive strategy against potential new competitive product introductions later in the year.

The patents for our *H. pylori* products are owned by us and expire in May 2016 in the U.S. and in 2017 in countries outside the U.S. We expect competition with respect to our *H. pylori* products to increase upon the expiration of these patents in 2016 and 2017 as we currently market the only FDA-cleared test to detect *H. pylori* antigen in stool samples. Such competition may have an adverse impact on our selling prices for these products, or our ability to retain business at prices acceptable to us, and consequently, adversely affect our future results of operations and liquidity, including revenues and gross profit. In order to mitigate any loss in revenues upon patent expiration, among other things, we are researching and experimenting with new products (e.g., detection of *H. pylori* on molecular platforms) and attempting to secure significant customers under long-term contracts. We are unable to provide any assurances that we will be successful with any mitigation strategy or that any mitigation strategy will prevent an adverse effect on our future results of operations and liquidity, including revenues and gross profit.

Respiratory Products

Total respiratory revenues for our Diagnostics segment increased 10% to $6,500 during the second quarter of fiscal 2016 (also 10% in constant-currency) and remained flat on a six month year-to-date basis (increased 1% in constant-currency), totaling $12,100 in fiscal 2016. The quarterly growth was primarily experienced in our molecular respiratory products (***illumi****gene* Group A Strep, ***illumi****gene* Mycoplasma and ***illumi****gene* Pertussis), while our year-to-date results were significantly impacted by the success of promotional “stock-and-block” programs in the third (influenza) and fourth (Group A strep) quarters of fiscal 2015 that affected buying patterns in the first quarter of fiscal 2016.

Women’s Health & STD Products

Revenues from our women’s health & STD products, all of which are molecular products, totaled $1,900 during the second quarter of fiscal 2016, a 21% increase from the fiscal 2016 second quarter (also 21% in constant-currency). During the six months ended March 31, 2016, revenues from these products totaled $3,600, an increase of 14% (also 14% in constant-currency). This growth primarily reflects the results of our commercialization during fiscal 2015 of three ***illumi****gene* tests for sexually transmitted diseases (Chlamydia, Gonorrhea and HSV).

Significant Customers

Revenue concentrations related to certain customers within our Diagnostics and Life Science segments are set forth in Note 8 of the accompanying Condensed Consolidated Financial Statements.

Medical Device Tax

On January 1, 2013, the medical device tax established as part of the U.S. health care reform legislation became effective, and as a result, the Company made its first required tax deposit near the end of January 2013. During the first six months of fiscal 2016 and fiscal 2015, the Company recorded approximately $500 and $1,000, respectively, of medical device tax expense ($0 and $500 in the second quarters of fiscal 2016 and 2015, respectively), which is reflected as a component of cost of sales in the accompanying Condensed Consolidated Statements of Operations. During December 2015, the Consolidations Appropriations Act of 2016 imposed a two-year moratorium on this excise tax effective January 1, 2016. During calendar years 2016 and 2017, this moratorium would result in approximately $2,000 of savings each year. We are unable to predict any future legislative changes or developments related to this moratorium or excise tax.

Gross Profit

	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Gross Profit	$33,572	$32,521	3%	$65,155	$61,758	6%
Gross Profit Margin	65%	63%	+2 points	66%	62%	+4 points

The overall gross profit increases experienced in fiscal 2016 primarily result from the combined effects of (i) mix of products sold, particularly the higher revenue contribution from *H. pylori* products; (ii) realization of manufacturing facility efficiencies for our ***illumi****gene* products as a result of bringing in-house certain reagent dispensing operations that were previously outsourced; (iii) manufacturing efficiencies in our Life Science segment; and (iv) favorable effects of currency rates related to products where the purchase cost is denominated in Euros but the customer sales are billed in U.S. dollars.

Our overall operations consist of the sale of diagnostic test kits for various disease states and in alternative test formats, as well as bioresearch reagents, bulk antigens and antibodies, PCR/qPCR reagents, nucleotides, competent cells, proficiency panels, and contract manufacturing services. Product revenue mix shifts, in the normal course of business, can cause the consolidated gross profit margin to fluctuate by several points.

Operating Expenses

	Three Months Ended March 31, 2016				
	Research & Development	Selling & Marketing	General & Administrative	Transaction Costs	Total Operating Expenses
2015 Expenses	$ 3,368	$ 6,481	$ 6,940	$ —	$ 16,789
% of Revenues	7%	13%	13%	— %	33%
Fiscal 2016 Increases (Decreases):					
Diagnostics	(117)	302	(223)	1,202	1,164
Life Science	(122)	427	158	—	463
2016 Expenses	$ 3,129	$ 7,210	$ 6,875	$ 1,202	$ 18,416
% of Revenues	6%	14%	13%	2%	36%
% Increase (Decrease)	(7)%	11%	(1)%	NMF	10%

	Six Months Ended March 31, 2016				
	Research & Development	Selling & Marketing	General & Administrative	Transaction Costs	Total Operating Expenses
2015 Expenses	$ 6,471	$ 12,561	$ 14,325	$ —	$ 33,357
% of Revenues	6%	13%	14%	— %	34%
Fiscal 2016 Increases (Decreases):					
Diagnostics	278	331	191	1,481	2,281
Life Science	(239)	761	253	—	775
2016 Expenses	$ 6,510	$ 13,653	$ 14,769	$ 1,481	$ 36,413
% of Revenues	7%	14%	15%	2%	37%
% Increase	1%	9%	3%	NMF	9%

Total operating expenses increased during both the second quarter of fiscal 2016 and the first six months of fiscal 2016 compared to the corresponding fiscal 2015 periods. These levels of operating expenses result primarily from the combined effects of our (i) ongoing efforts to control spending in each of our segments while investing the necessary resources in our strategic areas of growth, including increased investment in new product development in our Diagnostics segment (concentrated during the first three months of the year), and increased investment in Sales and Marketing personnel and programs; (ii) favorable effects of currency rates; and (iii) transaction costs incurred in connection with acquisition activities, most notably related to the acquisition of Magellan.

Operating Income

Operating income decreased 4% to $15,156 for the second quarter of fiscal 2016, and increased 1% to $28,742 for the first six months of fiscal 2016, as a result of the factors discussed above.

Income Taxes

The effective rate for income taxes increased to 39% and 37% during the fiscal 2016 second quarter and six month year-to-date periods, respectively, compared to 35% in both of the corresponding fiscal 2015 periods. These increases primarily result from the non-deductibility of certain expenses incurred in connection with the Company's acquisition activities. For the fiscal year ending September 30, 2016, we expect the effective tax rate to approximate 36%-37%.

Liquidity and Capital Resources

Comparative Cash Flow Analysis

Our cash flow and financing requirements are determined by analyses of operating and capital spending budgets, consideration of acquisition plans, and consideration of common share dividends. We have historically maintained a credit facility to augment working capital requirements and to respond quickly to acquisition opportunities.

We have an investment policy that guides the holdings of our investment portfolio, which presently consist of overnight repurchase agreements, bank savings accounts and institutional money market mutual funds (beginning in April). Our objectives are to (i) preserve capital; (ii) provide sufficient liquidity to meet working capital requirements and fund strategic objectives such as acquisitions; and (iii) capture a market rate of return commensurate with market conditions and our policy's investment eligibility criteria. As we look forward, we will continue to manage the holdings of our investment portfolio with preservation of capital being the primary objective.

We do not expect economic conditions to have a significant impact on our liquidity needs, financial condition or results of operations, although no assurances can be made in this regard. We intend to continue to fund our working capital requirements and dividends from current cash flows from operating activities and cash on hand. If needed, we also have an additional source of liquidity through our $30,000 bank credit facility. Our liquidity needs may

change if overall economic conditions change and/or liquidity and credit within the financial markets tightens for an extended period of time, and such conditions impact the collectibility of our customer accounts receivable or impact credit terms with our vendors, or disrupt the supply of raw materials and services.

Net cash provided by operating activities totaled $18,461 for the first six months of fiscal 2016, an 8% decrease from the $20,031 provided during the first six months of fiscal 2015. While reflecting the effects of the timing of payments from and to customers and suppliers, respectively, this decrease also largely results from the timing of tax payments. Net cash flows from operating activities and cash on hand are anticipated to be adequate to fund working capital requirements, capital expenditures and dividends during the next 12 months.

As described in Notes 3 and 7 of the accompanying Condensed Consolidated Financial Statements, on March 24, 2016, the Company acquired all of the outstanding common stock of Magellan for $67,800, utilizing the proceeds from a new $60,000 five-year term loan and cash and equivalents on hand. An amount of the acquisition consideration totaling $2,198 remains payable to the sellers, pending the realization of tax benefits for certain net operating loss carryforwards in future tax returns.

Capital Resources

We have a $30,000 credit facility with a commercial bank that expires on March 31, 2021. As of April 30, 2016, there were no borrowings outstanding on this facility and we had 100% borrowing capacity available to us. We have had no borrowings outstanding under this facility during the first six months of fiscal 2016 or during the full year of fiscal 2015.

Our capital expenditures are estimated to range between approximately $3,000 to $4,000 for fiscal 2016, with the actual amount depending upon actual operating results and the phasing of certain projects. Such expenditures may be funded with cash and equivalents on hand, operating cash flows, and/or availability under the $30,000 credit facility discussed above.

We do not utilize any special-purpose financing vehicles or have any undisclosed off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the Company’s exposure to market risk since September 30, 2015.

ITEM 4. CONTROLS AND PROCEDURES

As of March 31, 2016, an evaluation was completed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) and 15d-15(b) promulgated under the Securities Exchange Act of 1934, as amended. Based on that evaluation, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective as of March 31, 2016. There have been no changes in our internal control over financial reporting identified in connection with the evaluation of internal control that occurred during the second fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, or in other factors that could materially affect internal control subsequent to March 31, 2016. We routinely refine our internal controls over financial reporting in the normal course of business as new business activities arise or risks change. These refinements are made under a program of continuous improvement.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

There have been no material changes from risk factors as previously disclosed in the Registrant's Form 10-K in response to Item 1A to Part I of Form 10-K.

ITEM 6. EXHIBITS

The following exhibits are being filed or furnished as a part of this Quarterly Report on Form 10-Q.

10.1	Agreement and Plan of Merger among Meridian Bioscience, Inc. and Mariner Merger Sub, Inc. and Magellan Biosciences, Inc. and Ampersand 2006 Limited Partnership as the Stockholder Representative dated as of March 24, 2016
10.2	Term Note with Fifth Third Bank dated March 22, 2016
10.3	Amended and Restated Revolving Note with Fifth Third dated March 22, 2016
10.4	Sixth Amendment to Loan and Security Agreement among Meridian Bioscience, Inc., Meridian Bioscience Corporation, Omega Technologies, Inc., Meridian Life Science, Inc., Bioline USA, Inc. and Fifth Third Bank dated March 22, 2016
10.5	Executive Employment Agreement between Meridian and Amy Winslow dated March 21, 2016
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a)
31.2	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a)
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from Meridian Bioscience Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 filed with the SEC on May 6, 2016, formatted in XBRL includes: (i) Condensed Consolidated Statements of Operations for the three and six months ended March 31, 2016 and 2015; (ii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended March 31, 2016 and 2015; (iii) Condensed Consolidated Statements of Cash Flows for the six months ended March 31, 2016 and 2015; (iv) Condensed Consolidated Balance Sheets as of March 31, 2016 and September 30, 2015; (v) Condensed Consolidated Statement of Shareholders' Equity for the six months ended March 31, 2016; and (vi) the Notes to Condensed Consolidated Financial Statements

Table of Contents

SIGNATURE

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

MERIDIAN BIOSCIENCE, INC.

Date: May 6, 2016

By: /s/ Melissa A. Lueke
Melissa A. Lueke
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

Agreement and Plan of Merger

among

Meridian Bioscience, Inc.

and

Mariner Merger Sub, Inc.

and

Magellan Biosciences, Inc.

and

Ampersand 2006 Limited Partnership
as the Stockholder Representative

dated as of

March 24, 2016

TABLE OF CONTENTS

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "**Agreement**"), dated as of March 24, 2016 is entered into among MERIDIAN BIOSCIENCE, INC., an Ohio corporation ("**Parent**"), MARINER MERGER SUB, INC., a Delaware corporation ("**Merger Sub**"), MAGELLAN BIOSCIENCES, INC., a Delaware corporation ("**Company**"), and AMPERSAND 2006 LIMITED PARTNERSHIP, a Delaware limited partnership, solely in its capacity as Stockholder Representative for the purposes of Section 2.16, Section 2.18, Section 6.04, Section 6.06, Section 6.07, Section 6.13, Section 6.14, Section 8.05 and Section 9.01 ("**Stockholder Representative**").

RECITALS

WHEREAS, the parties intend that Merger Sub be merged with and into the Company, with the Company surviving that merger on the terms and subject to the conditions set forth herein (the "**Merger**");

WHEREAS, the board of directors of the Company (the "**Company Board**") has unanimously (a) determined that this Agreement and the transactions contemplated hereby, including the Merger, are in the best interests of the Company and its stockholders, (b) approved and declared advisable this Agreement and the transactions contemplated hereby, including the Merger, and (c) resolved to recommend adoption of this Agreement by the stockholders of the Company in accordance with the Delaware General Corporation Law (the "**DGCL**");

WHEREAS, following the execution of this Agreement, the Company shall seek to obtain, in accordance with Section 228 of the DGCL, a written consent of its stockholders approving this Agreement, the Merger and the transactions contemplated hereby in accordance with Section 251 of the DGCL;

WHEREAS, the respective boards of directors of Parent and Merger Sub have (a) determined that this Agreement and the transactions contemplated hereby, including the Merger, are in the best interests of Parent, Merger Sub and their respective stockholders, and (b) approved and declared advisable this Agreement and the transactions contemplated hereby, including the Merger; and

WHEREAS, a portion of the cash otherwise payable by Parent to each of the holders of Series A Preferred Stock and the Warrant Holders (the "**Indemnifying Holders**") of the Company in connection with the Merger shall be placed in escrow by Parent, the release of which shall be contingent upon certain events and conditions, all as set forth in this Agreement and the Escrow Agreement (as defined herein);

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

ARTICLE I

DEFINITIONS

The following terms have the meanings specified or referred to in this Article I:

"**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, examination, notice of violation, order, Governmental Order, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"**Actual Tax Savings**" has the meaning set forth in Section 6.13(c).

"**Actual Fraud**" means an inaccurate representation or warranty contained in this Agreement if, at the time such representation or warranty was made, the party making such representation or warranty (a) had Knowledge of the inaccuracy or breach of such representation or warranty and failed to notify the other party or parties or otherwise correct such inaccuracy or cure the breach; and (b) failed to notify the other party of such inaccuracy with the specific intention to induce the other party or parties to enter into (or not to dissuade the other party or parties from entering into) this Agreement and consummate the transactions contemplated by this Agreement.

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

"**Agreed Charge Amount**" means Three Hundred Thousand Dollars ($300,000).

"**Agreement**" has the meaning set forth in the preamble.

"**Ancillary Documents**" means the Escrow Agreement and Key Employment Agreements.

"**Audited Financial Statements**" has the meaning set forth in Section 3.06.

"**Balance Sheet**" has the meaning set forth in Section 3.06.

"**Balance Sheet Date**" has the meaning set forth in Section 3.06.

"**Baseline Number**" means (a) the aggregate number of shares of Series A Preferred Stock plus (b) the aggregate number of shares of Series A Preferred Stock issuable upon the exercise of the Warrants immediately prior to the Effective Time.

"**Basket**" has the meaning set forth in Section 8.04(a).

"**Benefit Plan**" has the meaning set forth in Section 3.20(a).

"**Business Day**" means any day except Saturday, Sunday or any other day on which commercial banks located in Cincinnati, Ohio are authorized or required by Law to be closed for business.

"**Cap**" has the meaning set forth in Section 8.04(a).

"**Cash and Cash Equivalents**" shall mean cash on hand, checks, money orders, marketable securities, short-term instruments and other cash equivalents of the Company and its Subsidiaries (excluding any such assets constituting Unclaimed Property held by the Company), determined in accordance with the sample calculations set forth on Schedule 1.1(x) of the Disclosure Schedules and GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements and the Balance Sheet, as if such accounts were being prepared and audited as of a fiscal year end (with all year-end adjustments and accruals fully reflected).

"**CERCLA**" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

"**Certificate**" has the meaning set forth in Section 2.12(a).

"**Certificate of Merger**" has the meaning set forth in Section 2.04.

"**Closing**" has the meaning set forth in Section 2.02.

"**Closing Adjustment**" has the meaning set forth in Section 2.18(a)(ii).

"**Closing Cash**" shall have the meaning set forth in the definition of "**Closing Cash Certificate**".

"**Closing Cash Certificate**" means a certificate executed by the President of the Company certifying on behalf of the Company the amount of Cash and Cash Equivalents" as of the open of business on the Closing Date (the "**Closing Cash**").

"**Closing Date**" has the meaning set forth in Section 2.02.

"**Closing Indebtedness**" shall have the meaning set forth in the definition of "**Closing Indebtedness Certificate**".

"**Closing Indebtedness Certificate**" means a certificate executed by the President of the Company certifying on behalf of the Company an itemized list of all outstanding Indebtedness as of the open of business on the Closing Date (the "**Closing Indebtedness**") and the Person to whom such outstanding Indebtedness is owed and an aggregate total of such outstanding Indebtedness.

"**Closing Merger Consideration**" means the Purchase Price, plus (a) the Estimated Closing Adjustment (which, for the avoidance of doubt, may be a positive or negative number), (b) the aggregate exercise prices of all Warrants, and (c) the Estimated Closing Cash, minus (u) the Transaction Bonus Amount (v) the Indemnification Escrow Amount, (w) the Purchase Price Adjustment Escrow Amount, (x) the Stockholder Representative Expense Amount, (y) the Estimated Closing Indebtedness, and (z) the Estimated Closing Transaction Expenses.

"**Closing Transaction Expenses**" shall have the meaning set forth in the definition of "**Closing Transactions Expenses Certificate**".

"**Closing Transaction Expenses Certificate**" means a certificate executed by the President of the Company, certifying the amount of Transaction Expenses remaining unpaid as of the open of business on the Closing Date (the "**Closing Transaction Expenses**") (including an itemized list of each such unpaid Transaction Expense with a description of the nature of such expense and the Person to whom such expense is owed).

"**Closing Working Capital**" means: (a) the Current Assets of the Company, less (b) the Current Liabilities of the Company, determined as of the open of business on the Closing Date. Section 1.1(x) of the Disclosure Schedules sets forth an illustrative calculation of Closing Working Capital as of March 24, 2016. For the avoidance of doubt, liabilities related to Unclaimed Property Laws or Unfiled State Tax Returns shall not be included in the calculation of Closing Working Capital.

"**CMS**" means the Centers for Medicare & Medicaid Services, a non-independent agency within the United States Department of Health and Human Services.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Company**" has the meaning set forth in the preamble.

"**Company Board**" has the meaning set forth in the recitals.

"**Company Board Recommendation**" has the meaning set forth in Section 3.02(b).

"**Company Charter Documents**" has the meaning set forth in Section 3.03.

"**Company Common Stock**" means the common stock, par value $0.01 per share, of the Company.

"**Company Equityholders**" means collectively, Stockholders, Optionholders, Warrant Holders and holders of other securities or rights convertible into shares of Company Stock.

"**Company Intellectual Property**" means all Intellectual Property that is owned or held for use under license or otherwise by the Target Company Group.

"**Company IP Agreements**" means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions and other Contracts (including any right to receive or obligation to pay royalties or any other consideration), whether written or oral, relating to Intellectual Property to which any member of the Target Company Group is a party, beneficiary or otherwise bound.

"**Company IP Registrations**" means all Company Intellectual Property that is subject to any issuance registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

"**Company Preferred Stock**" means the Series A Preferred Stock and the Redeemable Junior Preferred Stock.

"**Company Stock**" means Company Preferred Stock and Company Common Stock.

"**Consideration Spreadsheet**" has the meaning set forth in Section 2.19(a).

"**Contracts**" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral, including without limitation, Government Contracts.

"**Current Assets**" means accounts receivable, inventory and prepaid expenses, but excluding (a) deferred Tax assets, (b) Unclaimed Property, (c) receivables from any of the Company's Affiliates, directors, employees, officers or stockholders and any of their respective Affiliates and (d) cash and cash equivalents, determined, with respect to all of the foregoing, in accordance with the sample calculations set forth on Schedule 1.1(x) of the Disclosure Schedules and GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements and the Balance Sheet, as if such accounts were being prepared and audited as of a fiscal year end (with all year-end adjustments and accruals fully reflected).

"**Current Liabilities**" means accounts payable and accrued expenses, but excluding (a) payables to any of the Company's Affiliates, directors, employees, officers or stockholders and any of their respective Affiliates, (b) Tax liabilities, (c) Transaction Expenses and (d) the current portion of any Indebtedness of the Company, determined, with respect to all of the foregoing, in accordance with the sample calculations set forth on Schedule 1.1(x) of the Disclosure Schedules and GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements and the Balance Sheet as if such accounts were being prepared and audited as of a fiscal year end (with all year-end adjustments and accruals fully reflected).

"**D&O Indemnified Party**" has the meaning set forth in Section 5.03(a).

"**D&O Indemnifying Parties**" has the meaning set forth in Section 5.03(b).

"**D&O Tail Policy**" has the meaning set forth in Section 5.03(c).

"**DEA**" has the meaning set forth in Section 3.23(a).

"**DGCL**" has the meaning set forth in the recitals.

"**Direct Claim**" has the meaning set forth in Section 8.05(c).

"**Disclosure Schedules**" means the Disclosure Schedules delivered by the Company and Parent concurrently with the execution and delivery of this Agreement.

"**Disputed Amounts**" has the meaning set forth in Section 2.18(d)(iii).

"**Dissenting Shares**" has the meaning set forth in Section 2.10.

"**Dollars**" or "**$**" means the lawful currency of the United States.

"**Effective Time**" has the meaning set forth in Section 2.04.

"**Encumbrance**" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"**Environmental Claim**" means any Action or Governmental Order, lien, by or from any Person alleging liability or noncompliance of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with or liability under any Environmental Law or term or condition of any Environmental Permit.

"**Environmental Law**" means any applicable Law, Environmental Permits, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, worker health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term "Environmental Law" includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§

11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

"**Environmental Notice**" means any written directive, written notice of violation, deficiency, or infraction, or other written notice respecting any Environmental Claim relating to actual or alleged non-compliance with or liability under any Environmental Law or any term or condition of any Environmental Permit.

"**Environmental Permit**" means any Permit required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

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

"**ERISA Affiliate**" means all employers (whether or not incorporated) that would be treated together with the Company as a "single employer" within the meaning of Section 414 of the Code.

"**Escrow Agent**" means U.S. Bank National Association.

"**Escrow Agreement**" means the Escrow Agreement to be entered into by Parent, Stockholder Representative and the Escrow Agent at the Closing, substantially in the form of Exhibit A.

"**Escrow Funds**" has the meaning set forth in Section 2.13(b).

"**Estimated Closing Adjustment**" has the meaning set forth in Section 2.18(a)(ii).

"**Estimated Closing Balance Sheet**" has the meaning set forth in Section 2.18(a)(i).

"**Estimated Closing Cash**" has the meaning set forth in Section 2.18(a)(i).

"**Estimated Closing Indebtedness**" has the meaning set forth in Section 2.18(a)(i).

"**Estimated Closing Statement**" has the meaning set forth in Section 2.18(a)(i).

"**Estimated Closing Transaction Expenses**" has the meaning set forth in Section 2.18(a)(i).

"**Estimated Closing Working Capital**" has the meaning set forth in Section 2.18(a)(i).

"**FDA**" means the United States Food and Drug Administration.

"**Financial Statements**" has the meaning set forth in Section 3.06.

"**FIRPTA Statement**" has the meaning set forth in Section 6.10.

"**GAAP**" means United States generally accepted accounting principles in effect from time to time consistently and appropriately applied in accordance with the Company's past practice.

"**Government Contracts**" has the meaning set forth in Section 3.09(a)(viii).

"**Governmental Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"**Governmental Order**" means any order, writ, judgment, injunction, decree, stipulation, agreement, determination or award issued or entered by or with any Governmental Authority.

"**Hazardous Materials**" means: (a) any material, substance, chemical, waste, product, derivative, compound or mixture, whether solid, liquid, gas or combination thereof, in each case defined, listed or identified as a hazardous waste or substance, acutely hazardous waste or substance, toxic substance or material, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products and any constituents thereof, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, dioxins, furans, radioactive material or waste, mixed (radioactive and hazardous) waste, special waste, infectious waste, pesticides, and polychlorinated biphenyls.

"**Healthcare Regulatory Authority**" means CMS, FDA, federally recognized but privately operating accrediting organizations, or any other federal, state, local or foreign Governmental Authority, including such entities that are concerned with or regulate public health care programs.

"**Healthcare Regulatory Authorizations**" means all approvals, clearances, authorizations, registrations, certificates, licenses and permits granted by any Regulatory Authority, including participation agreements with governmental third-party payors, including by way of example, Medicare, Medicare Advantage, Medicaid, Tricare, FEHBP and any "federal health care program," as that term is defined in Social Security Act § 112B(f).

"**Indebtedness**" means, without duplication and with respect to the Company, all (a) indebtedness for borrowed money; (b) obligations for the deferred purchase price of property or services (other than Current Liabilities taken into account in the calculation of Closing Working Capital), (c) long or short-term obligations evidenced by notes, bonds, debentures or other similar instruments; (d) obligations under any interest rate, currency swap or other hedging agreement or arrangement; (e) capital lease obligations; (f) reimbursement obligations under any letter of credit, banker's acceptance or similar credit transactions; (g) guarantees made by the Company on behalf of any third party in respect of obligations of the kind referred to in the foregoing clauses (a) through (f), (h) the Agreed Charge Amount and (i) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (g).

"**Indemnification Escrow Amount**" means Six Hundred Twenty-Five Thousand Dollars ($625,000).

"**Indemnification Escrow Fund**" has the meaning set forth in Section 2.13(a).

"**Indemnifying Holders**" has the meaning set forth in the Recitals.

"**Indemnified Party**" has the meaning set forth in Section 8.05.

"**Indemnifying Party**" has the meaning set forth in Section 8.05.

"**Independent Accountant**" has the meaning set forth in Section 2.18(d)(iii).

"**Insurance Policies**" has the meaning set forth in Section 3.16.

"**Intellectual Property**" means all intellectual property and assets, and all rights, interests and protections that are associated with or required for the exercise of any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications and renewals for, any of the foregoing; (b) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or Governmental Authority, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto, and URLs; (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights; (d) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein; (e) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models); and (f) software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases and other related specifications and documentation.

"**Key Employees**" means Amy Winslow, Janine LeBlanc, Hossein Maleknia, Norman Sheppard and Jennifer Zonderman.

"**Key Employment Agreements**" means employment agreements between Parent and each of the Key Employees in a form mutually agreeable to Parent and each Key Employee.

"**Knowledge**" means, when used with respect to the Company, the actual knowledge of Amy Winslow, Hossein Maleknia, Janine LeBlanc, Norman Sheppard and Peter Glick, after due inquiry. For this purpose, "due inquiry" shall include, but shall not be limited to, with respect to each such Person, (i) reasonable review of files and other information in his or her possession, custody or control or of which such Person is reasonably aware, and (ii) inquiry of such Person's direct reports who have responsibilities pertinent to such inquiry and reasonable access to information in the possession, custody or control of the Company and responsive thereto.

"**Law**" means any statute, law, ordinance, regulation, rule, code, order, Permits, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

"**Letter of Transmittal**" has the meaning set forth in Section 2.12(c).

"**Liabilities**" has the meaning set forth in Section 3.07.

"**Losses**" means losses, damages, liabilities, obligations, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided, however,* that "**Losses**" shall not include consequential, special, indirect or punitive, diminution in value, lost profits, damages based on multiples or otherwise not actual damages, except to the extent actually awarded to a Governmental Authority or other third party.

"**Loss Tax Benefit**" has the meaning set forth in Section 8.04(e).

"**Majority Holder**" has the meaning set forth in Section 9.01(b).

"**Material Adverse Effect**" means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of the Company, or (b) the ability of the Company to consummate the transactions contemplated hereby on a timely basis; *provided, however,* that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Company operates; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement, except pursuant to Section 3.03; (vi) any changes in applicable Laws or accounting rules, including GAAP; or (vii) the public announcement, pendency or completion of the transactions contemplated by this Agreement; *provided further, however,* that any event, occurrence, fact, condition or change referred to in clauses (i) through (iv) and (vi) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a material disproportionate effect on the Company or its Subsidiaries compared to other participants in the industries in which the Company conducts its businesses.

"**Material Contracts**" has the meaning set forth in Section 3.09(a).

"**Material Customers**" has the meaning set forth in Section 3.15(a).

"**Material Suppliers**" has the meaning set forth in Section 3.15(b).

"**Medicare**" means the federal health insurance program administered by CMS pursuant to titles II, XI and XVIII of the Social Security Act, and includes Medicare Advantage as set forth in 42 C.F.R. pt. 422.

"**Medicaid**" means the federal-state health program for the categorically and medically needy administered by the states pursuant to state plans with CMS pursuant to titles XI and XIX of the Social Security Act.

"**Merger**" has the meaning set forth in the recitals.

"**Merger Consideration**" means the Closing Merger Consideration, together with those portions of the Escrow Funds, the Stockholder Representative Expense Fund and the Post-Closing Adjustment (if any) that the holders of Series A Preferred Stock and the Warrant Holders become entitled to receive pursuant to the terms of this Agreement and the Escrow Agreement.

"**Merger Sub**" has the meaning set forth in the preamble.

"**Multiemployer Plan**" has the meaning set forth in Section 3.20(c).

"**OIG**" means the office within the United States Department of Health and Human Services charged with, among other things, combating fraud, waste and abuse in federal health care programs.

"**Option**" means any option to purchase Company Common Stock granted under the Stock Option Plan and still outstanding as of immediately prior to the Effective Time.

"**Optionholder**" means a holder of an Option.

"**Parent**" has the meaning set forth in the preamble.

"**Permits**" means all material permits (including Environmental Permits), licenses, franchises, approvals, authorizations, registrations, certificates, renewal applications, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

"**Permitted Encumbrances**" has the meaning set forth in Section 3.10(a).

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

"**Post-Closing Adjustment**" has the meaning set forth in Section 2.18(c).

"**Post-Closing Balance Sheet**" has the meaning set forth in Section 2.18(b)(i).

"**Post-Closing Cash**" has the meaning set forth in Section 2.18(b)(i).

"**Post-Closing Indebtedness**" has the meaning set forth in Section 2.18(b)(i).

"**Post-Closing Statement**" has the meaning set forth in Section 2.18(b)(i).

"**Post-Closing Tax Period**" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

"**Post-Closing Taxes**" means Taxes of the Company for any Post-Closing Tax Period.

"**Post-Closing Transaction Expenses**" has the meaning set forth in Section 2.18(b)(i).

"**Pre-Closing Tax Period**" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

"**Pre-Closing Taxes**" means Taxes of the Company for any Pre-Closing Tax Period.

"**Pro Rata Share**" means, with respect to any Indemnifying Holder, such Person's pro rata share, determined by dividing (a) (i) the number of shares of Series A Preferred Stock owned of record by such Indemnifying Holder as of immediately prior to the Effective Time, plus (ii) the number of shares of Series A Preferred Stock issuable upon the exercise of the Warrants held by such Indemnifying Holder as of immediately prior to the Effective Time by (b) the Baseline Number.

"**Purchase Price**" means Sixty-Two Million Five Hundred Thousand Dollars ($62,500,000).

"**Purchase Price Adjustment Escrow Amount**" means Two Hundred Fifty Thousand Dollars ($250,000).

"**Purchase Price Adjustment Escrow Fund**" has the meaning set forth in Section 2.13(a)(ii).

"**Qualified Benefit Plan**" has the meaning set forth in Section 3.20(c).

"**R&W Insurance Policy**" means the buyer-side representations and warranties insurance policy to be obtained by Parent, with terms that are reasonably satisfactory to each of Parent and the Stockholder Representative with respect to the obligations under this Agreement (including, without limitation, coverage for any breach by the Company of the representations and warranties set forth in Section 3.12 (Intellectual Property) and Section 3.19 (Environmental Matters)) with an aggregate coverage amount of $6,250,000, a deductible equal to the Indemnification Escrow Amount, and a policy expiration of not less than thirty (30) days following the applicable survival periods set forth in Section 8.01.

"**R&W Insurance Premium**" means the amount required to be paid to insurers in connection with the placement of the R&W Insurance Policy (including, but not limited to, amounts paid to the insurer at inception of such policy in respect of costs incurred by the insurer in respect of premium payments, diligence and other fees, expenses and Taxes of the insurer related thereto) in an aggregate amount equal to Two Hundred Eighty Thousand Dollars ($280,000)

"**Real Property**" means the real property owned, leased or subleased by the Company, together with all buildings, structures and facilities located thereon.

"**Redeemable Junior Preferred Stock**" means Company's Redeemable Junior Preferred Stock, par value $0.01 per share.

"**Release**" means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment (including the abandonment or discarding of barrels, containers or other closed receptacles containing any Hazardous Materials).

"**Representative**" means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"**Representative Losses**" has the meaning set forth in Section 9.01(c).

"**Requisite Company Vote**" has the meaning set forth in Section 3.02(a).

"**Resolution Period**" has the meaning set forth in Section 2.18(d)(ii).

"**Review Period**" has the meaning set forth in Section 2.18(d)(i).

"**Sale Participation Program**" means the Company and Magellan Diagnostics, Inc. Second Amended and Restated Sale Participation Program.

"**Series A Liquidation Preference Amount**" means, $0.8963.

"**Series A Preferred Stock**" means Company's Series A Preferred Stock, par value $0.01 per share.

"**Shares**" has the meaning set forth in Section 2.08(a).

"**Statement of Objections**" has the meaning set forth in Section 2.18(d)(ii).

"**Stock Option Plan**" means the Amended and Restated 2004 Incentive Stock Plan of the Company.

"**Stockholder**" means a holder of Company Stock.

"**Stockholder Indemnitees**" has the meaning set forth in Section 8.03.

"**Stockholder Notice**" has the meaning set forth in Section 5.01(b).

"**Stockholder Representative**" has the meaning set forth in the preamble.

"**Stockholder Representative Expense Amount**" means Seven Hundred Fifty Thousand Dollars ($750,000).

"**Stockholder Representative Expense Fund**" has the meaning set forth in Section 2.13(b).

"**Straddle Period**" has the meaning set forth in Section 6.05.

"**Subsidiary**" means, when used with respect to any party, any corporation or other organization, whether incorporated or unincorporated, a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party or by any one or more of its subsidiaries, or by such party and one or more of its subsidiaries.

"**Surviving Corporation**" has the meaning set forth in Section 2.01.

"**Target Company Group**" means the Company and each of its Subsidiaries.

"**Target Working Capital**" has the meaning set forth in Section 2.18(a)(ii).

"**Taxes**" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties, or other taxes of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"**Tax Claim**" has the meaning set forth in Section 6.06.

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

"**Third Party Claim**" has the meaning set forth in Section 8.05(a).

"**Transaction Bonus Amount**" means the aggregate amount listed on Schedule 1.1(y) of the Disclosure Schedules under the heading being paid to the participants of the Sale Participation Program as a result of the transaction contemplated by this Agreement.

"**Transaction Deductions**" has the meaning set forth in Section 6.13(c).

"**Transaction Expenses**" means all fees and expenses incurred by the Company or any Affiliate at or prior to the Closing in connection with the preparation, negotiation and execution of this Agreement and the Ancillary Documents, and the performance and consummation of the

Merger and the other transactions contemplated hereby and thereby, including (i) any unpaid costs of the D&O Tail Policy referenced in Section 5.03(c), (ii) fifty percent (50%) of the R&W Insurance Premium, (iii) 50% of the fees of the Escrow Agent and (iv) any severance obligations listed on Schedule 1.1(z).

"**Unaudited Financial Statements**" has the meaning set forth in Section 3.06.

"**Unclaimed Property**" means any assets of a third-party held by the Company subject to any Unclaimed Property Law.

"**Unclaimed Property Law**" means all federal, state, local, foreign or other laws related to abandoned or unclaimed property.

"**Unfiled State Tax Returns**" means income and sales Tax Returns in any state where the Company has not, for any Pre-Closing Tax Period, filed such Tax Returns or paid income or sales Tax.

"**Union**" has the meaning set forth in Section 3.21(b).

"**Warrant Holder**" means a holder of one or more Warrants.

"**Warrants**" means warrants issued by Company to purchase Series A Preferred Stock pursuant to that Preferred Stock Purchase Warrant of the Company, as amended.

"**WARN Act**" means the federal Worker Adjustment and Retraining Notification Act of 1988, and state, "mini-WARN" and other plant closing laws.

"**Written Consent**" has the meaning set forth in Section 5.01(a).

ARTICLE II

THE MERGER

Section 2.01 The Merger. On the terms and subject to the conditions set forth in this Agreement, and in accordance with the DGCL, at the Effective Time, (a) Merger Sub will merge with and into the Company, and (b) the separate corporate existence of Merger Sub will cease and the Company will continue its corporate existence under the DGCL as the surviving corporation in the Merger (sometimes referred to herein as the "**Surviving Corporation**").

Section 2.02 Closing. Subject to the terms and conditions of this Agreement, the closing of the Merger (the "**Closing**") shall take place at 10:00 a.m., Cincinnati time, on the date of execution of this Agreement, provided that all of the conditions to Closing set forth in Article VII have been satisfied or waived, at the offices of Keating Muething & Klekamp PLL, Suite 1400, One East Fourth Street, Cincinnati, Ohio 45202, or at such other time or on such other date or at such other place as the Company and Parent may mutually agree upon in writing (the day on which the Closing takes place being the "**Closing Date**").

Section 2.03 Closing Deliverables.

(a) At or prior to the Closing, the Company shall deliver to Parent the following:

(i) the Escrow Agreement duly executed by Stockholder Representative;

(ii) resignations of the directors and officers of the Company pursuant to Section 5.02;

(iii) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of the Company certifying that (A) attached thereto are true and complete copies of (1) all resolutions adopted by the Company Board authorizing the execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby and (2) resolutions of the Stockholders approving the Merger and adopting this Agreement, and (B) all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby;

(iv) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of the Company certifying the names and signatures of the officers of the Company authorized to sign this Agreement, the Ancillary Documents and the other documents to be delivered hereunder and thereunder;

(v) a good standing certificate (or its equivalent) from the secretary of state or similar Governmental Authority of the jurisdiction under the Laws in which the Company is organized;

(vi) at least three (3) Business Days prior to the Closing, the Closing Transaction Expenses Certificate;

(vii) at least three (3) Business Days prior to the Closing, the Closing Indebtedness Certificate;

(viii) at least three (3) Business Days prior to the Closing, the Closing Cash Certificate;

(ix) the Estimated Closing Statement contemplated in Section 2.18(a);

(x) the Consideration Spreadsheet contemplated in Section 2.19;

(xi) the FIRPTA Statement; and

(xii) such other documents or instruments as Parent reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) At the Closing, Parent shall deliver, or shall cause to be delivered, to the Company (or such other Person as may be specified herein) the following:

(i) the Escrow Agreement duly executed by Parent;

(ii) payment to the Indemnifying Holders by wire transfer of immediately available funds an amount equal to the aggregate Closing Merger Consideration payable pursuant to Section 2.08 in exchange for Series A Preferred Stock (in accordance with the Company's Charter Documents);

(iii) payment to the Warrant Holders by wire transfer of immediately available funds an amount equal to the aggregate Closing Merger Consideration payable pursuant to Section 2.10 in exchange for Warrants held by the Warrant Holders;

(iv) payment to the Company or its designated payroll service provider by wire transfer of immediately available funds an amount equal to the Transaction Bonus Amount payable to the individuals and in the amounts set forth on Schedule 1.1(y) of the Disclosure Schedules, pursuant to the Sale Participation Program;

(v) payment to the Escrow Agent by wire transfer of immediately available funds the Indemnification Escrow Amount and the Purchase Price Adjustment Escrow Amount;

(vi) payment to an account designated by the Stockholder Representative by wire transfer of immediately available funds the Stockholder Representative Expense Amount as set forth in Section 2.13;

(vii) payment of third parties by wire transfer of immediately available funds that amount of money due and owing from the Company to such third parties as Transaction Expenses as set forth on the Closing Transaction Expenses Certificate;

(viii) payment to holders of outstanding Indebtedness, if any, by wire transfer of immediately available funds that amount of money due and owing from the Company to such holder of outstanding Indebtedness as set forth on the Closing Indebtedness Certificate;

(ix) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Parent and Merger Sub certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Parent and Merger Sub authorizing the execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby;

(x) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Parent and Merger Sub certifying the names and signatures of the officers of Parent and Merger Sub authorized to sign this Agreement, the Ancillary Documents and the other documents to be delivered hereunder and thereunder;

(xi) copies of the Key Employment Agreements duly executed by Parent; and

(xii) such other documents or instruments as the Company reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 2.04 Effective Time. Subject to the provisions of this Agreement, at the Closing, the Company, Parent and Merger Sub shall cause a certificate of merger (the "**Certificate of Merger**") to be executed, acknowledged and filed with the Secretary of State of the State of Delaware in accordance with the relevant provisions of the DGCL and shall make all other filings or recordings required under the DGCL. The Merger shall become effective at such time as the Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware or at such later date or time as may be agreed by the Company and Parent in writing and specified in the Certificate of Merger in accordance with the DGCL (the effective time of the Merger being hereinafter referred to as the "**Effective Time**").

Section 2.05 Effects of the Merger. The Merger shall have the effects set forth herein and in the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, from and after the Effective Time, all property, rights, privileges, immunities, powers, franchises, licenses and authority of the Company and Merger Sub shall, by operation of law, vest in the Surviving Corporation, and all debts, liabilities, obligations, restrictions and duties of each of the Company and Merger Sub shall, by operation of law, become the debts, liabilities, obligations, restrictions and duties of the Surviving Corporation.

Section 2.06 Certificate of Incorporation; By-laws. At the Effective Time, (a) the certificate of incorporation of the Company shall be amended so as to conform to the certificate of incorporation of Merger Sub as in effect immediately prior to the Effective Time, and as so amended, shall be the certificate of incorporation of the Surviving Corporation until thereafter amended in accordance with the terms thereof or as provided by applicable Law, and (b) immediately following the Effective Time, the board of directors of the Surviving Corporation shall adopt by-laws of the Surviving Corporation that conform to the by-laws of Merger Sub as in effect immediately prior to the Effective Time, until thereafter amended as provided by Law, by the terms of the certificate of incorporation of the Surviving Corporation and by the terms of such by-laws, *provided, however*, in each case, that the name of the corporation set forth therein shall be changed to the name of the Company.

Section 2.07 Directors and Officers. The directors and officers of Merger Sub, in each case, immediately prior to the Effective Time shall, from and after the Effective Time, be the directors and officers, respectively, of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and by-laws of the Surviving Corporation.

Section 2.08 Effect of the Merger on Company Stock. At the Effective Time, as a result of the Merger and without any action on the part of Parent, Merger Sub, the Company or any Stockholder:

(a) Cancellation of Certain Company Stock. Shares of Company Stock (the "**Shares**") that are owned by Parent, Merger Sub or the Company (as treasury stock or otherwise) shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(b) Conversion of Company Common Stock. Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than (i) Shares to be cancelled and retired in accordance with Section 2.08(a), and (ii) Dissenting Shares) shall be cancelled for no consideration as a result of the fact that the aggregate Series A Liquidation Preference Amount being an amount greater than the Merger Consideration and therefore, such holders will receive no Merger Consideration in their capacity as Company Equityholders with respect to the Company Common Stock.

(c) Conversion of Company Preferred Stock. Each share of Series A Preferred Stock issued and outstanding immediately prior to the Effective Time (other than (i) Shares to be cancelled and retired in accordance with Section 2.08(a), and (ii) Dissenting Shares) shall be converted into the right to receive the Series A Preferred Stock Liquidation Preference Amount, in cash, without interest, together with any amounts that may become payable in respect of such Share in the future from the Escrow Funds as provided in this Agreement and the Escrow Agreement, together with any amounts that may become payable in respect of such Share in the future from the Stockholder Representative Expense Fund as provided in this Agreement or in respect of the Post-Closing Adjustment, at the respective times and subject to the contingencies specified herein and therein. Each Share of Redeemable Junior Preferred Stock issued and outstanding immediately prior to the Effective Time (other than (i) Shares to be cancelled and retired in accordance with Section 2.08(a), and (ii) Dissenting Shares) shall be cancelled and there will be for no consideration as a result of the fact that the aggregate Series A Liquidation Preference Amount being greater than the Merger Consideration and therefore, such holders will receive no Merger Consideration in their capacity as Company Equityholders with respect to the Redeemable Junior Preferred Stock.

(d) Conversion of Merger Sub Capital Stock. Each share of common stock, par value $0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one newly issued, fully paid and non-assessable share of common stock of the Surviving Corporation.

Section 2.09 Treatment of Options and Corporate Actions.

(a) The Company shall take all necessary steps as may be required to effect the cancellation without consideration, as of immediately prior to the Effective Time, of all Options outstanding immediately prior to the Effective Time, including, without limitation, seeking all necessary approvals and providing any notice required under the terms of the Stock Option Plan and/or the applicable agreement. Upon cancellation of the Options, such Options shall no longer represent the right to purchase Company Common Stock or any other equity security of the Company, Parent, the Surviving Company or any other Person, or the right to receive any other consideration.

(b) At or prior to the Effective Time, the Company and the Company Board, as applicable, shall adopt any resolutions and take any actions necessary to (i) effectuate the provisions of Section 2.09(a) and (ii) cause the Stock Option Plan to terminate at or prior to the Effective Time.

Section 2.10 Treatment of Warrants. At the Effective Time, each Warrant that is outstanding and unexercised immediately prior to the Effective Time, whether or not then vested or exercisable, shall be, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company, the Warrant Holder or any other Person, cancelled and each Warrant Holder shall cease to have any rights with respect thereto other than the right to receive, with respect to each share of Series A issued or issuable of each Warrant an amount in cash, without interest, equal to the Series A Liquidation Preference Amount less the exercise price of such Warrant. After the Effective Time, each Warrant Holder shall only be entitled to the payments described in this Section 2.10.

Section 2.11 Dissenting Shares. Notwithstanding any provision of this Agreement to the contrary, including Section 2.08, Shares issued and outstanding immediately prior to the Effective Time (other than Shares cancelled in accordance with Section 2.08(a)) and held by a holder who has not voted in favor of adoption of this Agreement or consented thereto in writing and who has properly exercised appraisal rights of such Shares in accordance with Section 262 of the DGCL (such Shares being referred to collectively as the "**Dissenting Shares**" until such time as such holder fails to perfect or otherwise loses such holder's appraisal rights under the DGCL with respect to such Shares) shall not be converted into a right to receive a portion of the Merger Consideration, but instead shall be entitled to only such rights as are granted by Section 262 of the DGCL; *provided, however*, that if, after the Effective Time, such holder fails to perfect, withdraws or loses such holder's right to appraisal pursuant to Section 262 of the DGCL or if a court of competent jurisdiction shall determine that such holder is not entitled to the relief provided by Section 262 of the DGCL, such Shares shall be treated as if they had been converted as of the Effective Time into the right to receive the portion of the Merger Consideration, if any, to which such holder is entitled pursuant to Section 2.08(b), without interest thereon. The Company shall provide Parent prompt written notice of any demands received by the Company for appraisal of Shares, any withdrawal of any such demand and any other demand, notice or instrument delivered to the Company prior to the Effective Time pursuant to the DGCL that relates to such demand, and Parent shall have the opportunity and right to direct all negotiations and proceedings with respect to such demands. Except with the prior written consent of Parent, the Company shall not make any payment with respect to, or settle or offer to settle, any such demands.

Section 2.12 Surrender and Payment.

(a) At the Effective Time, all Shares, Options and Warrants outstanding immediately prior to the Effective Time shall automatically be cancelled and retired and shall cease to exist, and, subject to Section 2.10, each holder of a certificate formerly representing any Shares (each, a "**Certificate**") and each holder of record of an Option or Warrant shall cease to have any rights as a stockholder of the Company or a holder of Options or Warrants.

(b) In exchange for the applicable portion of Merger Consideration pursuant to Section 2.08(c), each holder of Series A Preferred Stock shall deliver a letter of transmittal in substantially the form attached as Exhibit B (a "**Letter of Transmittal**") and instructions for use

in effecting the surrender of Certificates. Parent shall, no later than the later of (i) the Closing Date or (ii) three (3) Business Days after receipt of a Certificate, together with a Letter of Transmittal duly completed and validly executed in accordance with the instructions thereto, and any other customary documents that the Parent may reasonably require in connection therewith, pay to the holder of such Certificate a cash amount as provided in Section 2.08(c) with respect to such Certificate so surrendered and the Certificate shall forthwith be cancelled. Unless otherwise provided herein, no interest shall be paid or shall accrue on any cash payable upon surrender of any Certificate. Until so surrendered, each outstanding Certificate that prior to the Effective Time represented shares of Series A Preferred Stock (other than Dissenting Shares) shall be deemed from and after the Effective Time, for all purposes, to evidence the right to receive the portion of the Merger Consideration as provided in Section 2.08(b). If after the Effective Time, any Certificate is presented to the Parent, it shall be cancelled and exchanged as provided in this Section 2.12. Notwithstanding the foregoing, Parent shall make payments of the Merger Consideration to each holder of Series A Preferred Stock by wire transfer at the Closing to the extent that such holder of Series A Preferred Stock complies with the delivery requirements in this Section 2.12(c) at least one (1) Business Day prior to the date hereof and shall ensure that such payments are made at the Closing.

(c) In exchange for the applicable portion of the Series A Liquidation Preference Amount pursuant to Section 2.10 each Warrant Holder shall deliver a warrant termination agreement substantially in the form attached as Exhibit C (a "**Warrant Termination Agreement**") and instructions for completing, executing and returning such Warrant Termination Agreement. Parent shall, no later than the later of (i) the Closing Date or (ii) three (3) Business Days after receipt of an Warrant Termination Agreement duly completed and validly executed in accordance with the instructions thereto and any other customary documents that the Parent may reasonably require in connection therewith, pay to such Warrant Holder a cash amount as provided in Section 2.10 with respect to the Warrant in respect of which the Warrant Termination Agreement was delivered. Unless otherwise provided herein, no interest shall be paid or shall accrue on any cash payable upon delivery of any Warrant Cancellation Agreement. Notwithstanding the foregoing, Parent shall make payments of the Series A Liquidation Preference Amount to each Warrant Holder by wire transfer at the Closing to the extent that such Warrant Holder complies with the delivery requirements in this Section 2.12(d) at least one (1) Business Day prior to the date hereof and shall ensure that such payments are made at the Closing.

(d) Subject to this Section 2.12, each Indemnifying Holder shall also be entitled to any amounts that may be payable in the future in respect of the Shares formerly represented by such Certificate and Warrants from the Escrow Funds as provided in this Agreement and the Escrow Agreement, the Stockholder Representative Expense Fund as provided in this Agreement and on account of the Post-Closing Adjustment, at the respective time and subject to the contingencies specified herein and therein. Unless otherwise provided herein, no interest shall be paid or accrued for the benefit of Company Equityholders on the Merger Consideration.

(e) If any portion of the Merger Consideration is to be paid to a Person other than the Person in whose name the surrendered Certificate and Warrant is registered, it shall be a condition to such payment that (i) such Certificate shall be properly endorsed or shall otherwise

be in proper form for transfer, and (ii) the Person requesting such payment shall pay to the any transfer or other Tax required as a result of such payment to a Person other than the registered holder of such Certificate or establish to the reasonable satisfaction of the Parent that such Tax has been paid or is not payable.

(f) Any portion of the Merger Consideration payable pursuant to this Section 2.12 that remains unclaimed by the Company Equityholders twelve (12) months after the Effective Time shall be returned to the Parent, upon written demand, and any such Company Equityholder who has not exchanged Certificates or Warrant Termination Agreements for the Merger Consideration in accordance with this Section 2.12 prior to that time shall thereafter look only to Parent for payment of the Merger Consideration; *provided*, that any such portion of the Merger Consideration payable from the Escrow Funds shall be held and distributed to the Persons entitled thereof in accordance with the terms of this Agreement and the Escrow Agreement, at the respective times and subject to the contingencies specified herein and therein and any portion of the Post-Closing Adjustment to which the Company Equityholder may become entitled shall become payable at the times and subject to the contingencies specified herein. Notwithstanding the foregoing, Parent shall not be liable to any holder of Certificates for any amounts paid to a public official pursuant to applicable abandoned property, escheat or similar Laws. Any amounts remaining unclaimed by Company Equityholders two (2) years after the Effective Time (or such earlier date, immediately prior to such time when the amounts would otherwise escheat to or become property of any Governmental Authority) shall become, to the extent permitted by applicable Law, the property of the Parent free and clear of any claims or interest of any Person previously entitled thereto.

Section 2.13 Escrow and Stockholder Representative Expense Funds.

(a) In accordance with the Escrow Agreement, Parent shall deposit or cause to be deposited with the Escrow Agent:

(i) the Indemnification Escrow Amount (such amount, including any interest or other amounts earned thereon and less any disbursements therefrom in accordance with the Escrow Agreement, the "**Indemnification Escrow Fund**"), to be held for the purpose of securing the indemnification obligations of the Indemnifying Holders set forth in this Agreement and the obligations pursuant to Section 6.03 and Section 8.06; and

(ii) the Purchase Price Adjustment Escrow Amount (such amount, including any interest or other amounts earned thereon and less any disbursements therefrom in accordance with the Escrow Agreement, the "**Purchase Price Adjustment Escrow Fund** and together, with the Indemnification Escrow Fund, the "**Escrow Funds**"), to be held for the purpose of securing the obligations of the Indemnifying Holders in Section 2.18(e); and

(b) Parent shall deposit or cause to be deposited with the Stockholder Representative the Stockholder Representative Expense Amount (such amount, including any interest or other amounts earned thereon and less any disbursements therefrom, the "**Stockholder Representative Expense Fund**"), to be held for the purpose of funding any expenses of Stockholder Representative arising in connection with the administration of Stockholder Representative's duties in this Agreement after the Effective Time.

Section 2.14 No Further Ownership Rights in Company Stock, Warrants And Options. All Merger Consideration paid or payable upon the surrender of Certificates representing shares of Series A Preferred Stock, and all Merger Consideration paid or payable in respect of the Warrants, in accordance with the terms hereof shall be deemed to have been paid or payable in full satisfaction of all rights pertaining to the shares of Series A Preferred Stock formerly represented by such Certificate and Warrants, and from and after the Effective Time, there shall be no further registration of transfers of Shares on the stock transfer books of the Surviving Corporation. If, after the Effective Time, Certificates are presented to the Surviving Corporation, they shall be cancelled and exchanged for the Merger Consideration provided for, and in accordance with the procedures set forth, in this Article II and elsewhere in this Agreement.

Section 2.15 Adjustments. Without limiting the other provisions of this Agreement, if at any time during the period between the date of this Agreement and the Effective Time, any change in the outstanding shares of capital stock of the Company shall occur, including by reason of any reclassification, recapitalization, stock split (including reverse stock split) or combination, exchange or readjustment of shares, or any stock dividend or distribution paid in stock, the Merger Consideration and any other amounts payable pursuant to this Agreement shall be appropriately adjusted to reflect such change.

Section 2.16 Withholding Rights. Each of the Parent, Merger Sub and the Surviving Corporation shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this Article II such amounts as may be required to be deducted and withheld with respect to the making of such payment under any provision of Tax Law. Prior to withholding any Taxes from a payment with respect to any Warrant or any share of Series A Preferred Stock, the withholding agent shall consult in good faith with the Stockholder Representative for the purpose of obtaining any form or certification that could mitigate or eliminate such withholding. To the extent that amounts are so deducted and withheld by the Parent, Merger Sub or the Surviving Corporation, as the case may be, and are timely remitted to the proper Governmental Authority, such amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which the Parent, Merger Sub or the Surviving Corporation, as the case may be, made such deduction and withholding.

Section 2.17 Lost Certificates. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such Person of a bond, in such reasonable amount as Parent may direct, as indemnity against any claim that may be made against it with respect to such Certificate, Parent shall issue, in exchange for such lost, stolen or destroyed Certificate, the Merger Consideration to be paid in respect of the Shares formerly represented by such Certificate as contemplated under this Article II.

Section 2.18 Working Capital Adjustment.

(a) Closing Adjustment.

(i) At least three (3) Business Days before the Closing, the Company shall prepare and deliver to Parent a statement (the "**Estimated Closing Statement**") which shall contain (1) an estimated balance sheet of the Company as of the Closing Date (without giving effect to the transactions contemplated herein) (the "**Estimated Closing Balance Sheet**"), and (2) a detailed calculation of its good faith estimate of (A) the Closing Working Capital (the "**Estimated Closing Working Capital**"),(B) the Closing Cash (the "**Estimated Closing Cash**"), (C) the Closing Indebtedness (the "**Estimated Closing Indebtedness**") and (D) the Closing Transaction Expenses (the "**Estimated Closing Transaction Expenses**"), and a certificate of the President of the Company that the Estimated Closing Statement, the Estimated Closing Balance Sheet, the Estimated Closing Working Capital, the Estimated Closing Cash, the Estimated Closing Indebtedness and the Estimated Closing Transaction Expenses were prepared in accordance with the sample calculations set forth on Schedule 1.1(x) of the Disclosure Schedules and GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements and the Balance Sheet, as if such accounts were being prepared and audited as of a fiscal year end. In the event of any conflict among Schedule 1.1(x) of the Disclosure Schedules, the Balance Sheet and/or GAAP, the following shall control: (1) first, GAAP, (2) second, to the extent not inconsistent with GAAP, Schedule 1.1(x) of the Disclosure Schedules (3) third, to the extent not inconsistent with GAAP or Schedule 1.1(x) of the Disclosure Schedules, the Balance Sheet. In calculating any items on the Estimated Closing Statement (other than the Estimated Closing Transaction Expenses), such calculations shall not take into account (x) transactions contemplated by this Agreement or the financing thereof or (y) any purchase price accounting or other similar adjustment resulting from the consummation of the transactions contemplated by this Agreement.

(ii) The "**Estimated Closing Adjustment**" shall be an amount equal to the Estimated Closing Working Capital minus $1,700,000 (the "**Target Working Capital**").

(b) Parent Closing Statement.

(i) Within sixty (60) days after the Closing Date, Parent shall prepare and deliver to the Stockholder Representative a statement (the " **Post-Closing Statement**"), which shall contain (1) a balance sheet of the Company as of the Closing Date (without giving effect to the transactions contemplated herein) (the "**Post-Closing Balance Sheet**"), (2) a detailed calculation of its good faith estimate of (A) the Closing Working Capital (the "**Post-Closing Working Capital**"), (B) the Closing Cash (the "**Post-Closing Cash**"), (C) the Closing Indebtedness (the "**Post-Closing Indebtedness**") and (D) the Closing Transaction Expenses (the "**Post-Closing Transaction Expenses**") and (3) a detailed calculation of the Post-Closing Adjustment (as defined below) and a certificate of the Chief Financial Officer of Parent that the Post-Closing Statement the Post-Closing Balance Sheet, the Post-Closing Working Capital, the Post-Closing Cash, the Post-Closing Indebtedness and the Post-Closing Transaction Expenses were prepared determined in accordance with the sample calculations set forth on Schedule 1.1(x) of the Disclosure Schedules and GAAP applied using the same accounting methods, practices,

principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements and the Balance Sheet, as if such accounts were being prepared and audited as of a fiscal year end. In the event of any conflict among Schedule 1.1(x) of the Disclosure Schedules, the Balance Sheet and/or GAAP, the following shall control: (1) first, GAAP, (2) second, to the extent not inconsistent with GAAP, Schedule 1.1(x) of the Disclosure Schedules (3) third, to the extent not inconsistent with GAAP or Schedule 1.1(x) of the Disclosure Schedules, the Balance Sheet. In calculating any items on the Post-Closing Statement (other than the Post-Closing Transaction Expenses), such calculations shall not take into account (x) transactions contemplated by this Agreement or the financing thereof or (y) any purchase price accounting or other similar adjustment resulting from the consummation of the transactions contemplated by this Agreement.

(c) Post-Closing Adjustment.

(i) To the extent the Post-Closing Working Capital, as finally determined in accordance with Section 2.18(d), is (x) less than the Estimated Closing Working Capital, then the Parent shall be entitled to receive such deficiency in accordance with Section 2.18(e), or (y) greater than the Estimated Closing Working Capital, then the Indemnifying Holders shall be entitled to receive such excess in accordance with Section 2.18(e); *provided, however*, that no amounts shall be due pursuant to this Section 2.18(c)(i) unless the difference between the Post-Closing Working Capital and the Estimated Closing Working Capital is at least $100,000 (whether such amount is a negative or positive number).

(ii) To the extent the Post-Closing Cash, as finally determined in accordance with Section 2.18(d), is (x) less than the Estimated Closing Cash, then the Parent shall be entitled to receive such deficiency in accordance with Section 2.18(e), or (y) greater than the Estimated Closing Cash, then the Indemnifying Holders shall be entitled to receive such excess in accordance with Section 2.18(e).

(iii) To the extent the Post-Closing Indebtedness, as finally determined in accordance with Section 2.18(d), is (x) less than the Estimated Closing Indebtedness, then the Parent shall be entitled to receive such deficiency in accordance with Section 2.18(e), or (y) greater than the Estimated Closing Indebtedness, then the Indemnifying Holders shall be entitled to receive such excess in accordance with Section 2.18(e).

(iv) To the extent the Post-Closing Transaction Expenses, as finally determined in accordance with Section 2.18(d), is (x) less than the Estimated Closing Transaction Expenses, then the Parent shall be entitled to receive such deficiency in accordance with Section 2.18(e), or (y) greater than the Estimated Closing Transaction Expenses, then the Indemnifying Holders shall be entitled to receive such excess in accordance with Section 2.18(e).

Without duplication, all amounts owed pursuant to this Section 2.18(c) shall be aggregated, and the net amount (if any) owed by the Parent to the Indemnifying Holders on the one hand, or the Indemnifying Holders to the Parent (from the Escrow Funds), on other hand, shall be referred to as the "**Post-Closing Adjustment**."

(d) Examination and Review.

(i) Examination. After receipt of the Post-Closing Statement, the Stockholder Representative shall have thirty (30) days (the "**Review Period**") to review the Post-Closing Statement. During the Review Period, the Stockholder Representative and its Representatives shall have full access to the books and records of the Surviving Corporation, the personnel of, and work papers prepared by, Parent and/or its Representatives to the extent that they relate to the Post-Closing Statement and to such historical financial information (to the extent in Parent's possession) relating to the Post-Closing Statement as the Stockholder Representative may reasonably request for the purpose of reviewing the Post-Closing Statement and to prepare a Statement of Objections (defined below), *provided, that* such access shall be in a manner that does not interfere with the normal business operations of Parent or the Surviving Corporation.

(ii) Objection. On or prior to the last day of the Review Period, the Stockholder Representative may object to any aspect of the Post-Closing Statement by delivering to Parent a written statement setting forth its objections in reasonable detail, indicating each disputed item or amount and the basis for its disagreement therewith (the "**Statement of Objections**"). If the Stockholder Representative fails to deliver the Statement of Objections before the expiration of the Review Period, the Post-Closing Working Capital, Post-Closing Cash, Post-Closing Indebtedness , the Post-Closing Transaction Expenses and the Post-Closing Adjustment, as the case may be, reflected in the Post-Closing Statement shall be deemed to have been accepted by the Stockholder Representative. If the Stockholder Representative delivers the Statement of Objections before the expiration of the Review Period, Parent and the Stockholder Representative shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of the Statement of Objections (the "**Resolution Period**"), and, if the same are so resolved within the Resolution Period, Post-Closing Working Capital, Post-Closing Cash, Post-Closing Indebtedness , the Post-Closing Transaction Expenses and the Post-Closing Adjustment with such changes as may have been previously agreed in writing by Parent and the Stockholder Representative, shall be final and binding.

(iii) Resolution of Disputes. If the Stockholder Representative and Parent fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("**Disputed Amounts**") shall be submitted for resolution to the office of Ernst & Young LLP, or, if Ernst & Young LLP is unable to serve, Parent and the Stockholder Representative shall appoint by mutual agreement the office of an impartial nationally recognized firm of independent certified public accountants (the "**Independent Accountant**") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any adjustments to the Post-Closing Working Capital, Post-Closing Cash, Post-Closing Indebtedness, the Post-Closing Transaction Expenses and/or the Post-Closing Adjustment, as the case may be, and the Post-Closing Statement. Parent and the Stockholder Representative shall cooperate with the Independent

Accountant in all respects, including using commercially reasonable efforts to provide the Independent Accountant with all work papers and back-up materials used in preparation and review of their the Post-Closing Statement. The Independent Accountant shall only have authority to make determinations in respect of those specific items for which an objection has been raised in the Statement of Objections, and all determinations shall be based solely on the written presentations of Parent and the Stockholder Representative and their respective Representatives, and not by independent review or oral presentation. The Independent Accountant shall only decide the specific items under dispute by the parties and their decision for each Disputed Amount must be within the range of values assigned to each such item in the Post-Closing Statement and the Statement of Objections, respectively. In resolving any Disputed Amount, the Independent Accountant: (x) shall be bound: (1) first, GAAP, (2) second, to the extent not inconsistent with GAAP, Schedule 1.1(x) of the Disclosure Schedules (3) third, to the extent not inconsistent with GAAP or Schedule 1.1(x) of the Disclosure Schedules, the Balance Sheet. In calculating any items on the Post-Closing Statement (other than the Post-Closing Transaction Expenses), such calculations shall not take into account (x) transactions contemplated by this Agreement or the financing thereof or (y) any purchase price accounting or other similar adjustment resulting from the consummation of the transactions contemplated by this Agreement.

(iv) Fees of the Independent Accountant. Fifty (50%) percent of the fees and expenses of the Independent Accountant shall be paid by the Stockholder Representative (on behalf of the Indemnifying Holders), on the one hand, and fifty (50%) percent of the fees and expenses of the Independent Account shall be paid by Parent, on the other hand. Any such fees and expenses payable by the Stockholder Representative shall be paid from the Stockholder Representative Expense Fund to the extent available.

(v) Determination by Independent Accountant. The Independent Accountant shall make a determination as soon as practicable within thirty (30) days (or such other time as the parties hereto shall agree in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Post-Closing Statement and/or the Post-Closing Adjustment shall be conclusive and binding upon the parties hereto.

(e) Payment of Post-Closing Adjustment.

(i) if the Post-Closing Adjustment is a negative number, Stockholder Representative and Parent shall, within three (3) Business Days after the final determination of the Post-Closing Adjustment, jointly deliver written instructions to the Escrow Agent to disburse from the Purchase Price Adjustment Escrow Fund by wire transfer of immediately available funds (A) to Parent, the Post-Closing Adjustment, and (B) to the Indemnifying Holders, for distribution to the Indemnifying Holders in accordance with their Pro Rata Shares (and pursuant to the terms of the Escrow Agreement), such Indemnifying Holder's aggregate Pro Rata Share of any amounts remaining in the Purchase Price Adjustment Escrow Fund, If the Post-Closing Adjustment is greater than the amount held in the Purchase Price Adjustment Escrow Fund, then Stockholder Representative and Parent shall jointly deliver written

instructions to the Escrow Agent to disburse from the Indemnification Escrow Fund by wire transfer of immediately available funds to Parent the amount by which the Post-Closing Adjustment exceeds the amount in the Purchase Price Adjustment Escrow Fund (up to the amount in the Indemnification Escrow Fund).

(ii) if the Post-Closing Adjustment is a positive number, Parent shall, within three (3) Business Days after the final determination of the Post-Closing Adjustment, (A) shall distribute to the Indemnifying Holders, in accordance with their Pro Rata Share, such holders of Series A Preferred Stock and Warrant Holder's aggregate Pro Rata Share of the Post-Closing Adjustment and (B) the Stockholder Representative and Parent shall deliver written instructions to the Escrow Agent to disburse from the Purchase Price Adjustment Escrow Fund by wire transfer of immediately available funds to the Indemnifying Holders, pursuant to the terms of the Escrow Agreement and in accordance with their Pro Rata Shares, such Indemnifying Holder's aggregate Pro Rata Share of the Purchase Price Adjustment Escrow Fund.

(f) Adjustments for Tax Purposes**.** Any payments made pursuant to Section 2.18 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

Section 2.19 Consideration Spreadsheet.

(a) At least three (3) Business Days before the Closing and concurrently with the delivery of the Estimated Closing Statement, the Company shall prepare and deliver to Parent a spreadsheet (the "**Consideration Spreadsheet**"), certified by the President of the Company, which shall set forth, as of the Closing Date and immediately prior to the Effective Date, the following:

(i) the names and addresses of all Stockholders and the number of Company Stock held by such Persons;

(ii) the names and addresses of all Warrant Holders, together with the number of shares of Series A Preferred Stock subject to Warrants held by such Warrant Holders;

(iii) detailed calculations of the Closing Merger Consideration;

(iv) for each Indemnifying Holder, such Indemnifying Holder's Pro Rata Share (as a percentage interest and the interest in dollar terms) of the (A) Closing Merger Consideration, (B); of the amount to be contributed to the Escrow Funds and (C) the Stockholder Representative Expense Fund.

Section 2.20 Sale Participation Plan. The Company shall take all necessary steps as may be required to terminate the Sale Participation Program.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the correspondingly numbered and lettered sections and subsections of the Disclosure Schedules, the Company represents and warrants to Parent that the statements contained in this Article III are true and correct as of the date hereof. Any disclosure, qualification or exception made on any particular numbered section of the Disclosure Schedules shall also be deemed made on each other section of the Disclosure Schedules to the extent that such disclosure, qualification or exception is readily apparent on its face, without any independent knowledge thereof, to be responsive to such other section.

Section 3.01 Organization and Qualification of the Company. The Company 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, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. Section 3.01 of the Disclosure Schedules sets forth each jurisdiction in which the Company is licensed or qualified to do business, and the Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary, except where the failure to be so qualified will not, individually or in the aggregate, result in a Material Adverse Effect.

Section 3.02 Authority; Board Approval.

(a) The Company has full corporate power and authority to enter into and perform its obligations under this Agreement and the Ancillary Documents to which it is a party and, subject to, in the case of the consummation of the Merger, adoption of this Agreement by the affirmative vote or consent of Stockholders representing: (i) $66^{2/3rd}$ of the holders of the Series A Preferred Stock (including the Required Holders (as defined in the Company's Charter Documents) and (ii) a majority of the outstanding Shares (on an as-converted basis) ("**Requisite Company Vote**"), to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Company of this Agreement and any Ancillary Document to which it is a party and the consummation by the Company of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Company and no other corporate proceedings on the part of the Company are necessary to authorize the execution, delivery and performance of this Agreement or to consummate the Merger and the other transactions contemplated hereby and thereby, subject only, in the case of consummation of the Merger, to the receipt of the Requisite Company Vote. The Requisite Company Vote is the only vote or consent of the holders of any class or series of the Company's capital stock required to approve and adopt this Agreement and the Ancillary Documents, approve the Merger and consummate the Merger and the other transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by the Company, and (assuming due authorization, execution and delivery by each other party hereto) this Agreement constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms. When each Ancillary Document to which the Company is or will be a party has been duly executed and delivered by the Company (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of the Company enforceable against it in accordance with its terms.

(b) The Company Board, by resolutions duly adopted by unanimous vote at a meeting of all directors of the Company duly called and held and, as of the hereof, not subsequently rescinded or modified in any way, has, as of the date hereof (i) determined that this Agreement and the transactions contemplated hereby, including the Merger, are fair to, and in the best interests of, the Stockholders, (ii) approved and declared advisable the "agreement of merger" (as such term is used in Section 251 of the DGCL) contained in this Agreement and the transactions contemplated by this Agreement, including the Merger, in accordance with the DGCL, (iii) directed that the "agreement of merger" contained in this Agreement be submitted to the Stockholders for adoption, and (iv) resolved to recommend that the Stockholders adopt the "agreement of merger" set forth in this Agreement (collectively, the "**Company Board Recommendation**") and directed that such matter be submitted for consideration of the Stockholders at the Company Stockholders Meeting.

Section 3.03 No Conflicts; Consents. The execution, delivery and performance by the Company of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, including the Merger, do not and will not: (i) conflict with or result in a violation or breach of, or default under, any provision of the certificate of incorporation, by-laws or other organizational documents of the Company ("**Company Charter Documents**"); (ii) subject to, in the case of the Merger, obtaining the Requisite Company Vote, conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Company; (iii) except as set forth in Section 3.03 of the Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a material default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which the Company is a party or by which the Company is bound or to which any of their respective properties and assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of the Company; or (iv) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of the Company. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Company in connection with the execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, except for the filing of the Certificate of Merger with the Secretary of State of Delaware.

Section 3.04 Capitalization.

(a) The authorized capital stock of the Company consists of (i) 87,264,153 shares of Company Common Stock, of which 2,863,731 shares are issued and outstanding as of the date of this Agreement, (ii) 68,761,689 shares of Series A Preferred Stock, of which 63,917,941 are issued and outstanding as of the date of this Agreement, and (iii) 3,802,148 shares of Redeemable Junior Preferred Stock all of which are issued and outstanding as of the date of this Agreement. The respective rights, restrictions, privileges and preferences of Company Preferred Stock are as stated in the Company Charter Documents Each share of Company Preferred Stock is presently convertible into Company Common Stock on the basis set forth in the Company Charter Documents and the consummation of the transactions contemplated hereby will not result in any anti-dilution adjustment or other similar adjustment to the outstanding shares of Company Preferred Stock.

(b) Section 3.04(b) of the Disclosure Schedules set forth, as of the date hereof, (i) the name of each Person that is the registered owner of any Shares and the number of Shares owned by such Person, (ii) a list of all holders of outstanding Options, including the number of Shares subject to each such Option, the grant date, exercise price and vesting schedule for such Option, the extent to which such Option is vested and exercisable and the date on which such Option expires, and (iii) a list of all holders of outstanding Warrants, including the number of Shares subject to each such Warrant, the grant date, exercise price and vesting schedule for such Warrant, the extent to which such Warrant is vested and exercisable and the date on which such Warrant expires. Each Option was granted in compliance with all applicable Laws and all of the terms and conditions of the Stock Option Plan pursuant to which it was issued. Each Option was granted with an exercise price per share equal to or greater than the fair market value of the underlying shares on the date of grant and has a grant date identical to the date on which the Company Board or compensation committee actually awarded the Option. The Company has heretofore provided or made available to Buyer (or Buyer's Representatives) true and complete copies of the standard form of option agreement and any stock option agreements that differ from such standard form.

(c) Except for currently outstanding Options to purchase 8,890,105 shares of Company Common Stock which have been granted to employees, consultants or directors pursuant to the Stock Option Plan, and a reservation of an additional 7,300,891 shares of Company Common Stock for direct issuances or purchase upon exercise of Options to be granted in the future, under the Stock Option Plan, (i) no subscription, warrant, option, convertible or exchangeable security, or other right (contingent or otherwise) to purchase or otherwise acquire equity securities of the Company is authorized or outstanding, and (ii) there is no commitment by the Company to issue shares, subscriptions, warrants, options, convertible or exchangeable securities, or other such rights or to distribute to holders of any of its equity securities any evidence of indebtedness or asset, to repurchase or redeem any securities of the Company or to grant, extend, accelerate the vesting of, change the price of, or otherwise amend any warrant, option, convertible or exchangeable security or other such right. There are no declared or accrued unpaid dividends with respect to any shares of Company Common Stock.

(d) All issued and outstanding shares of Company Stock are, and all shares which may be issued pursuant to the exercise of Options or Warrants, when issued in accordance with the applicable security, will be (i) duly authorized, validly issued, fully paid and non-assessable; (ii) not subject to any preemptive rights created by statute, the Company Charter Documents or any agreement to which the Company is a party; and (iii) free of any Encumbrances other than those (x) created by the Company in respect thereof (y) imposed by applicable securities Laws or (z) arising pursuant to the Company's Charter Documents. All issued and outstanding shares of Company Stock and Options were issued in compliance with applicable Law.

(e) No outstanding Company Stock is subject to vesting or forfeiture rights or repurchase by the Company. There are no outstanding or authorized stock appreciation, dividend equivalent, phantom stock, profit participation or other similar plans, programs or rights or entitlements with respect to the Company or any of its securities.

(f) All distributions, dividends, repurchases and redemptions of the capital stock (or other equity interests) of the Company were undertaken in compliance with the Company Charter Documents then in effect, any agreement to which the Company then was a party and in compliance with applicable Law.

Section 3.05 Subsidiaries.

(a) Section 3.05(a)(i) of the Disclosure Schedules lists each of the Subsidiaries of the Company as of the date hereof and its place of organization. Section 3.05(a)(ii) of the Disclosure Schedules sets forth, for each Subsidiary that is not, directly or indirectly, wholly-owned by the Company, (x) the number and type of any capital stock of, or other equity or voting interests in, such Subsidiary that is outstanding as of the date hereof and (y) the number and type of shares of capital stock of, or other equity or voting interests in, such Subsidiary that, as of the date hereof, are owned, directly or indirectly, by the Company. All of the outstanding shares of capital stock of, or other equity or voting interests in, each Subsidiary of the Company that is owned directly or indirectly by the Company have been validly issued, were issued free of pre-emptive rights and are fully paid and non-assessable, and are free and clear of all Encumbrances, including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other equity or voting interests, except for any Encumbrances (x) imposed by applicable securities Laws or (y) arising pursuant to the charter documents of any non-wholly-owned Subsidiary of the Company. Except for the capital stock of, or other equity or voting interests in, its Subsidiaries, the Company does not own, directly or indirectly, any capital stock of, or other equity or voting interests in, any Person.

(b) Each Subsidiary is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization and has full corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. Section 3.05(b) of the Disclosure Schedules sets forth each jurisdiction in which each Subsidiary is licensed or qualified to do business, and such Subsidiary is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary, except where the failure to be so qualified will not, individually or in the aggregate, result in a Material Adverse Effect.

Section 3.06 Financial Statements. Complete copies of the Company's audited financial statements (including all notes and schedules thereto and all supplemental information) consisting of the balance sheet of the Company as at December 31, 2014 and the related statements of income and retained earnings, stockholders' equity and cash flow for the year then ended (the "**Audited Financial Statements**"), and unaudited financial statements consisting of the balance sheet of the Company as at December 31, 2015 and the related statements of income and retained earnings, stockholders' equity and cash flow for the twelve-month period then ended (the "**Unaudited Financial Statements**" and together with the Audited Financial Statements, the "**Financial Statements**") have been delivered to Parent. The Financial

Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the Unaudited Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially adverse) and the absence of notes (that, if presented, would not differ materially from those presented in the Audited Financial Statements). The Financial Statements are based on the books and records of the Company, and fairly present in all material respects the financial condition of the Company as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The balance sheet of the Company as of December 31, 2015 is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**". The Company maintains a standard system of accounting established and administered in accordance with GAAP.

Section 3.07 Undisclosed Liabilities. Except as set forth on Section 3.07 of the Disclosure Schedules, the Target Company Group has no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise ("**Liabilities**"), except (a) those which are adequately reflected or reserved against in the Balance Sheet as of the Balance Sheet Date, (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount, (c) Transaction Expenses or Closing Indebtedness.

Section 3.08 Absence of Certain Changes, Events and Conditions. Except as set forth on Section 3.08 of the Disclosures Schedules and since the Balance Sheet Date, and other than in the ordinary course of business consistent with past practice, there has not been, with respect to the Target Company Group, any:

(a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) amendment of the charter, by-laws or other organizational documents of the Company or any Subsidiary;

(c) split, reverse split, combination or reclassification of any shares of the Company's capital stock;

(d) issuance, sale or other disposition of any of the Company's capital stock (other than in connection with the exercise of Options outstanding on the date of this Agreement as required by the terms of such Options), or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any of its capital stock;

(e) declaration or payment of any dividends or distributions on or in respect of any of the Company's capital stock or redemption, purchase or acquisition of the Company's capital stock;

(f) change in any method of accounting or accounting practice or principles of the Target Company Group, except as required by GAAP or as disclosed in the notes to the Financial Statements;

(g) change in the Target Company Group's cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;

(h) entry into any Contract that would constitute a Material Contract;

(i) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;

(j) transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;

(k) transfer, assignment or grant of any license or sublicense of any material rights under or with respect to any Company Intellectual Property or Company IP Agreements;

(l) material damage, destruction or loss (whether or not covered by insurance) to the property of the Company or any Subsidiary;

(m) any capital investment in, or any loan to, any other Person;

(n) acceleration, termination, material modification to or cancellation of any material Contract (including, but not limited to, any Material Contract) to which the Company or any Subsidiary is a party or by which it is bound;

(o) any material capital expenditures of any of the Target Company Group;

(p) imposition of any Encumbrance, other than a Permitted Encumbrance, upon any of the Target Company Group properties, capital stock or assets, tangible or intangible;

(q) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, directors, independent contractors or consultants, other than as provided for in any written agreements or required by applicable Law, (ii) material change in the terms of employment for any employee or any termination of any officers or key employees, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, independent contractor or consultant, except as required by written agreement;

(r) hiring or promoting any person as or to (as the case may be) an officer or hiring or promoting any employee below officer except to fill a vacancy in the ordinary course of business;

(s) other than in the ordinary course of business consistent with past practices adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, independent contractor or consultant, (ii) Benefit Plan (except as may be required by applicable Law) or (iii) collective bargaining or other agreement with a Union, in each case whether written or oral;

(t) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any of the Company's stockholders or current or former directors, officers and employees;

(u) entry into a new line of business or abandonment or discontinuance of existing lines of business;

(v) except for the Merger, adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(w) purchase, lease or other acquisition of the right to own, use or lease any property or assets for an amount in excess of $10,000, individually (in the case of a lease, per annum) or $50,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(x) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets or stock of, or by any other manner, any business or any Person or any division thereof;

(y) action by the Target Company Group to make, change or rescind any material Tax election or amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax liability of Parent in respect of any Post-Closing Tax Period; or

(z) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 3.09 Material Contracts.

(a) Section 3.09(a) of the Disclosure Schedules lists each of the following Contracts of the Target Company Group (such Contracts, together with all Contracts concerning the occupancy, management or operation of any Real Property (including without limitation, brokerage contracts) listed or otherwise disclosed in Section 3.10(b) of the Disclosure Schedules and all Company IP Agreements set forth in Section 3.12(b) of the Disclosure Schedules, being "**Material Contracts**"

(i) each Contract of the Target Company Group involving aggregate consideration in excess of $25,000 and which, in each case, cannot be cancelled by the Target Company Group without penalty or without more than ninety (90) days' notice;

(ii) all Contracts that require the Target Company Group to purchase its total requirements of any product or service from a third party or that contain "take or pay" provisions;

(iii) all Contracts that provide for the indemnification by the Target Company Group of any Person or the assumption of any Tax or environmental Liability;

(iv) all Contracts that relate to the acquisition or disposition of any business, a material amount of stock or assets of any other Person or any real property (whether by merger, sale of stock, sale of assets or otherwise);

(v) all broker, distributor, dealer, manufacturer's representative, franchise, agency, sales promotion, market research, marketing consulting and advertising Contracts to which the Target Company Group is a party;

(vi) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements) to which the Target Company Group is a party and which are not cancellable without material penalty or without more than ninety (90) days' notice;

(vii) except for Contracts relating to trade receivables, all Contracts relating to indebtedness (including, without limitation, guarantees) of the Target Company Group;

(viii) all Contracts with any Governmental Authority to which the Target Company Group is a party ("**Government Contracts**");

(ix) all Contracts that limit or purport to limit the ability of the Target Company Group to compete in any line of business or with any Person or in any geographic area or during any period of time;

(x) any Contracts to which the Target Company Group is a party that provide for any joint venture, partnership or similar arrangement by the Target Company Group;

(xi) all collective bargaining agreements or Contracts with any Union to which the Target Company Group is a party; and

(xii) any other Contract that is material to the Target Company Group and not previously disclosed pursuant to this Section 3.09.

(b) Each Material Contract is valid and binding on the Target Company Group in accordance with its terms and is in full force and effect. None of the Target Company Group or, to the Company's Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect, or has provided or received any written notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute a material event of default under any Material Contract or result in a termination thereof or would cause or

permit the acceleration or other changes of any material right or obligation or the loss of any material benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Parent.

Section 3.10 Title to Assets; Real Property.

(a) The Target Company Group has good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the Unaudited Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date. The Target Company Group does not own any Real Property. All such properties and assets (including leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as "**Permitted Encumbrances**"):

(i) Encumbrances for Taxes or governmental charge not yet due and payable;

(ii) mechanics, carriers', workmen's, repairmen's or other like Encumbrances arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to the business of the Company;

(iii) Encumbrances affecting Real Property which are not, individually or in the aggregate, material to the business of the Company;

(iv) Encumbrances arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the business of the Company; or

(v) Encumbrances disclosed in the Financial Statements.

(b) Section 3.10(b) of the Disclosure Schedules lists (i) the street address of each parcel of Real Property; (ii) if such property is leased or subleased by the Target Company Group, the landlord under the lease, the rental amount currently being paid, and the expiration of the term of such lease or sublease for each leased or subleased property; and (iii) the current use of such property. With respect to leased Real Property, the Company has delivered or made available to Parent true, complete and correct copies of any leases affecting the Real Property. The Target Company Group is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased Real Property. The use and operation of the Real Property in the conduct of the Company's business do not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. No material improvements constituting a part of the Real Property encroach on real property owned or leased by a Person other than the Target Company Group. There are no Actions or Governmental Order pending nor, to the Company's Knowledge, threatened against or affecting the Real Property or any portion thereof or any business conducted thereon or interest therein, including but not limited to, condemnation or eminent domain proceedings.

Section 3.11 Condition of Assets . The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Target Company Group are structurally sound, are in good operating condition and repair, have been operational and are operating in compliance with all Permits and Laws, in all material respects. and are adequate for the uses to which they are being put.

Section 3.12 Intellectual Property.

(a) Section 3.12(a) of the Disclosure Schedules lists all (i) Company IP Registrations and (ii) Company Intellectual Property, including software but excluding commercially available off the shelf software licensed to the Company on a non-exclusive basis, that are not registered but that are material to the Company's business or operations. All required filings and fees related to the Company IP Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Company IP Registrations are otherwise in good standing. The Company has provided Parent with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Company IP Registrations.

(b) Section 3.12(b) of the Disclosure Schedules lists all Company IP Agreements other than licenses for commercially available off the shelf software licensed to the Company on a non-exclusive basis, and the Company has provided Parent with true and complete copies of all Company IP Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. Each Company IP Agreement is, to the Knowledge of the Company, valid and binding on the Company in accordance with its terms and is in full force and effect. Neither the Target Company Group nor any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of breach or default of or any intention to terminate, any Company IP Agreement.

(c) The Company is the sole and exclusive legal and beneficial, and with respect to the Company IP Registrations, record, owner of all right, title and interest in and to the Company Intellectual Property, and has the valid right to use the Company Intellectual Property for the conduct of the Company's current business or operations, in each case, free and clear of Encumbrances other than Permitted Encumbrances. Without limiting the generality of the foregoing, the Company has entered into binding, written agreements with every current and former employee, and with every current and former independent contractor, in each case where such individual made material contributions to the Company Intellectual Property whereby such employees and independent contractors (i) assign to the Company any ownership interest and right they may have in the Company Intellectual Property; and (ii) acknowledge the Company's exclusive ownership of all Company Intellectual Property. The Company has provided Parent with examples of such agreements.

(d) The consummation of the transactions contemplated hereunder will not result in the loss or impairment of or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, the Company's right to own, use or hold for use any Intellectual Property as owned, used or held for use in the conduct of the Company's business or operations as currently conducted.

(e) The Company's rights in the Company Intellectual Property are valid, subsisting and enforceable. The Company has taken all reasonable steps to maintain the Company Intellectual Property and to protect and preserve the confidentiality of all trade secrets included in the Company Intellectual Property, including requiring all Persons having access thereto to execute written non-disclosure agreements.

(f) To the Knowledge of the Company the conduct of the Company's business as currently and formerly conducted, and the products, processes and services of the Company, have not infringed, misappropriated, diluted or otherwise violated, and do not infringe, dilute, misappropriate or otherwise violate the Intellectual Property or other rights of any Person. To the Knowledge of the Company, no Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Company Intellectual Property.

(g) There are no Actions (including any oppositions, interferences or re-examinations) settled, pending or threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by the Company; (ii) challenging the validity, enforceability, registrability or ownership of any Company Intellectual Property or the Company's rights with respect to any Company Intellectual Property; or (iii) by the Company or any other Person alleging any infringement, misappropriation, dilution or violation by any Person of the Company Intellectual Property. The Company is not subject to any outstanding or prospective Governmental Order (including any motion or petition therefor) that does or would restrict or impair the use of any Company Intellectual Property.

Section 3.13 Inventory. All inventory of the Target Company Group, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by the Target Company Group free and clear of all Encumbrances, and no inventory is held on a consignment basis. The quantities of each item of inventory (whether raw materials, work-in-process or finished goods) are not excessive, but are reasonable in the present circumstances of the Target Company Group.

Section 3.14 Accounts Receivable. The accounts receivable reflected on the Balance Sheet and the accounts receivable arising after the date thereof (a) have arisen from bona fide transactions entered into by the Target Company Group involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice and (b) constitute only valid, undisputed claims of the Target Company Group not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice. The reserve for bad debts shown on the Balance Sheet or, with respect to accounts receivable arising after the Balance Sheet Date, on the accounting records of the Target Company Group have been determined in accordance with GAAP, consistently applied, subject to normal year-end adjustments and the absence of disclosures normally made in footnotes.

Section 3.15 Customers and Suppliers.

(a) Section 3.15(a) of the Disclosure Schedules sets forth (i) each customer who has paid aggregate consideration to the Target Company Group for goods or services rendered in an amount greater than or equal to $50,000 for each of the two (2) most recent fiscal years (collectively, the "**Material Customers**"); and (ii) the amount of consideration paid by each Material Customer during such periods. The Target Company Group has not received any notice, and to the Knowledge of the Company, none of the Material Customers has ceased or intends to cease after the Closing, to use its goods or services or to otherwise terminate or materially reduce its relationship with the Target Company Group.

(b) Section 3.15(b) of the Disclosure Schedules sets forth (i) each supplier to whom the Target Company Group has paid consideration for goods or services rendered in an amount greater than or equal to $50,000 for each of the two (2) most recent fiscal years (collectively, the "**Material Suppliers**"); and (ii) the amount of purchases from each Material Supplier during such periods. The Target Company Group has not received any notice, and to the Knowledge of the Company, none of the Material Suppliers has ceased, or intends to cease, to supply goods or services to the Target Company Group or to otherwise terminate or materially reduce its relationship with the Target Company Group.

Section 3.16 Insurance. Section 3.16 of the Disclosure Schedules sets forth a true and complete list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workers' compensation, vehicular, directors and officers' liability and fiduciary liability insurance maintained by Target Company Group (collectively, the "**Insurance Policies**") and complete copies of such Insurance Policies have been made available to Parent. Except for the reduction in the policy limits as a result of payment of losses thereunder, such Insurance Policies are in full force and effect and shall remain in full force and effect following the consummation of the transactions contemplated by this Agreement. The Target Company Group has not received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such Insurance Policies. As of the date hereof, all premiums due and payable under each Insurance Premium have been paid. All such Insurance Policies (a) are valid and binding in accordance with their terms and (b) have not been subject to any lapse in coverage. There are no claims related to the business of the Company pending under any such Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. The Target Company Group is not in default under, and has not otherwise failed to comply with, in any material respect, any provision contained in any such Insurance Policy. The Insurance Policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Company and are sufficient for compliance with all applicable Laws and Contracts to which the Target Company Group is a party or by which it is bound.

Section 3.17 Legal Proceedings; Governmental Orders.

(a) There are no Actions pending or, to the Company's Knowledge, threatened (a) against or by the Target Company Group affecting any of its Real Property, Intellectual Property, Permits, Contracts, or Current Assets; or (b) against or by the Target Company Group that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, any such Action.

(b) There are no outstanding Governmental Orders, Environmental Claim or Environmental Notice and no unsatisfied judgments, penalties or awards against or affecting the Target Company Group or any of its properties or assets.

Section 3.18 Compliance With Laws; Permits.

(a) The Target Company Group has complied, and is now complying with all Laws and Permits applicable to it or its business, properties or assets.

(b) As of the date hereof, all Permits required for the Target Company Group to conduct its business have been obtained by it and are valid and in full force and effect, and all renewal applications for such Permits have been timely submitted. As of the date hereof, all fees and charges due and payable with respect to such Permits have been paid in full. Section 3.18(b) of the Disclosure Schedules lists all current Permits issued to the Target Company Group, including the names of the Permits and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in Section 3.18(b) of the Disclosure Schedules, except where the failure to be so registered will not, individually or in the aggregate, result in a Material Adverse Effect.

Section 3.19 Environmental Matters.

(a) The Target Company Group is currently, and for the past five (5) years has been, in compliance in all material respects with all Environmental Laws and has not received from any Person or Governmental Authority any: (i) Environmental Notice or Environmental Claim; (ii) written request for information pursuant to Environmental Law; or (iii) Governmental Order with respect to any remedial, cost recovery or contribution obligations under any Environmental Law, which, in the case of each of (i), (ii) or (iii) above, remains pending or unresolved, or is the source of ongoing obligations, liabilities, or requirements as of the Closing Date.

(b) The Target Company Group has obtained, and is in compliance with, all Environmental Permits (each of which is disclosed in Section 3.19(b) of the Disclosure Schedules) necessary for the ownership, lease, operation or use of the business or assets of the Target Company Group and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by the Target Company Group through the Closing Date in accordance with Environmental Law.

(c) No real property currently or, to the Company's Knowledge, formerly owned, operated or leased by the Target Company Group is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(d) There has been no Release of Hazardous Materials by the Target Company Group in material contravention of, or which would reasonably be expected to result in any material liability to the Target Company Group under, any Environmental Law. The Target Company Group has not received an Environmental Notice or Environmental Claim that any real property currently or formerly owned, operated or leased in connection with the business of the Target Company Group (including soils, groundwater, surface water, buildings and other structure located on any such real property) has been contaminated with any Hazardous Material which would reasonably be expected to result in a material Environmental Claim against, or a material violation of or material liability under any Environmental Law or term of any Environmental Permit by, the Target Company Group.

(e) Section 3.19(e) of the Disclosure Schedules contains a complete and accurate list of all active or abandoned aboveground or underground storage tanks owned or operated by the Target Company Group on any real property currently or formerly owned, operated or leased by the Target Company Group.

(f) Section 3.19(f) of the Disclosure Schedules contains a complete and accurate list of all off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by the Target Company Group and any predecessors as to which the Target Company Group may retain liability, and none of these facilities or locations has been placed or proposed for placement on the National Priorities List (or CERCLIS) under CERCLA, or any similar state list, and the Target Company Group has not received any Governmental Order, Environmental Notice or Environmental Claim regarding potential liabilities with respect to such off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by the Target Company Group.

(g) The Target Company Group has not received any Governmental Order, Environmental Notice or Environmental Claim regarding potential liabilities with respect to off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by the Target Company Group.

(h) The Target Company Group has not retained or assumed by contract any material liabilities or material obligations of third parties under Environmental Law, Permits or Governmental Order.

(i) The Target Company Group has provided or otherwise made available to Parent any and all material environmental reports, studies, audits, records, sampling data, site assessments and risk assessments with respect to the business or assets of the Target Company Group or any currently or formerly owned, operated or leased real property which are in the possession or control of the Target Company Group related to compliance with or liability under any Environmental Laws, Environmental Claims or Environmental Notices, or the Release of Hazardous Materials.

(j) To the Company's Knowledge, no real property currently or formerly owned, operated or leased by the Target Company Group has been used as a dump, disposal area, landfill, wastewater treatment lagoon, injection well, drywell, septic system or fill.

Section 3.20 Employee Benefit Matters.

(a) Section 3.20(a) of the Disclosure Schedules contains a true and complete list of each pension, benefit, retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity, stock or stock-based, change in control, retention, severance, vacation, paid time off, welfare, fringe-benefit and other similar agreement, plan, policy, program or arrangement (and any amendments thereto), in each case whether or not reduced to writing and whether funded or unfunded, including each "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not tax-qualified and whether or not subject to ERISA, which is or has been maintained, sponsored, contributed to, or required to be contributed to by the Target Company Group for the benefit of any current or former employee, officer, director, retiree, independent contractor or consultant of the Target Company Group or any spouse or dependent of such individual, or under which the Company or any member of the Target Company Group has or may have any Liability, (as listed on Section 3.20(a) of the Disclosure Schedules, each, a "**Benefit Plan**"). The Company has separately identified in Section 3.20(a) of the Disclosure Schedules each Benefit Plan that contains a change in control provision.

(b) With respect to each Benefit Plan, the Company has made available to Parent accurate, current and complete copies of each of the following: (i) where the Benefit Plan has been reduced to writing, the plan document together with all amendments; (ii) where the Benefit Plan has not been reduced to writing, a written summary of all material plan terms; (iii) where applicable, copies of any trust agreements or other funding arrangements, custodial agreements, insurance policies and contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the transactions contemplated by this Agreement or otherwise; (iv) copies of any summary plan descriptions, summaries of material modifications, employee handbooks and any other written communications (or a description of any oral communications) relating to any Benefit Plan; (v) in the case of any Benefit Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination, opinion or advisory letter from the Internal Revenue Service; (vi) in the case of any Benefit Plan for which a Form 5500 is required to be filed, a copy of the two most recently filed Form 5500, with schedules and financial statements attached; (vii) actuarial valuations and reports related to any Benefit Plans with respect to the three most recently completed plan years; (viii) the most recent nondiscrimination tests performed under the Code; (ix) copies of any voluntary correction, including self correction, under the IRS Employees Plan Compliance Resolution System or the Department of Labor, and (x) copies of material notices, letters or other correspondence from the Internal Revenue Service, Department of Labor, Pension Benefit Guaranty Corporation or other Governmental Authority relating to the Benefit Plan.

(c) Each Benefit Plan and any related trust (other than any multiemployer plan within the meaning of Section 3(37) of ERISA (each a "**Multiemployer Plan**")) has been established, administered and maintained in all material respects in accordance with its terms and in compliance in all material respects with all applicable Laws (including ERISA, the Code, the Affordable Care Act, and any applicable local Laws). Each Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code (a "**Qualified Benefit Plan**") and has received a favorable and current determination letter from the Internal Revenue Service, or with

respect to a prototype plan, can rely on an opinion letter from the Internal Revenue Service to the prototype plan sponsor, to the effect that such Qualified Benefit Plan is so qualified and that the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, and nothing has occurred that could reasonably be expected to adversely affect the qualified status of any Qualified Benefit Plan or result in any revocation of, or a change to, such determination letter or the unavailability of reliance on such opinion letter from the IRS, as applicable, nor has such revocation or unavailability been threatened. Nothing has occurred with respect to any Benefit Plan that has subjected or could reasonably be expected to subject the Company or any of its ERISA Affiliates or, with respect to any period on or after the Closing Date, Parent or any of its Affiliates, to a penalty under Section 502 of ERISA or to tax or penalty under Section 4975 of the Code. All benefits, contributions and premiums relating to each Benefit Plan have been timely paid in accordance with the terms of such Benefit Plan and all applicable Laws and accounting principles, and all benefits accrued under any unfunded Benefit Plan have been paid, accrued or otherwise adequately reserved to the extent required by, and in accordance with, GAAP and all applicable Laws.

(d) Neither the Company nor any of its ERISA Affiliates has (i) incurred or reasonably expects to incur, either directly or indirectly, any material Liability under Title I or Title IV of ERISA or related provisions of the Code or applicable local Law relating to employee benefit plans; (ii) failed to timely pay premiums to the Pension Benefit Guaranty Corporation; (iii) withdrawn from any Benefit Plan; or (iv) engaged in any transaction which would give rise to liability under Section 4069 or Section 4212(c) of ERISA.

(e) With respect to each Benefit Plan (i) no such plan is a Multiemployer Plan; (ii) no such plan is a "multiple employer plan" within the meaning of Section 413(c) of the Code or a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA); (iii) neither the Company nor any of its ERISA Affiliates has contributed to a Multiemployer Plan or a multiple employer plan within the three years prior to the date hereof; (iv) no Action has been initiated by the Pension Benefit Guaranty Corporation to terminate any such plan or to appoint a trustee for any such plan; (v) no such plan is subject to the minimum funding standards of Section 412 of the Code or Title IV of ERISA, and none of the assets of the Company or any ERISA Affiliate is, or may reasonably be expected to become, the subject of any lien arising under Section 302 of ERISA or Section 412(a) of the Code; and (vi) no "reportable event," as defined in Section 4043 of ERISA, has occurred with respect to any such plan.

(f) Each Benefit Plan can be amended, terminated or otherwise discontinued after the Closing in accordance with its terms, without material liabilities to Parent, the Company or any of their Affiliates other than ordinary administrative expenses typically incurred in a termination event. The Target Company Group has no commitment or obligation and has not made any written representations to any employee, officer, director, independent contractor or consultant, whether or not legally binding, to adopt, amend, modify or terminate any Benefit Plan or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.

(g) Other than as required under Section 601 et. seq. of ERISA or other applicable Law, no Benefit Plan provides post-termination or retiree welfare benefits to any individual for any reason, and neither the Company nor any member of the Target Company

Group has any Liability to provide post-termination or retiree welfare benefits to any individual or ever represented, promised or contracted to any individual that such individual would be provided with post-termination or retiree welfare benefits.

(h) There is no pending or, to the Company's Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan is currently or has within the three (3) years prior to the date hereof been the subject of an examination or audit (nor has notice been received of a potential examination or audit) by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Authority.

(i) There has been no amendment to, announcement by the Company or any member of the Target Company Group relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year with respect to any director, officer, employee, independent contractor or consultant, as applicable. Neither the Company nor any member of the Target Company Group has any commitment or obligation or has made any representations to any director, officer, employee, independent contractor or consultant, whether or not legally binding, to adopt, amend, modify or terminate any Benefit Plan or any collective bargaining agreement.

(j) Each Benefit Plan that is subject to Section 409A of the Code has been timely amended and administered in compliance, in all material respects, with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including notices, rulings and proposed and final regulations) thereunder. The Target Company Group does not have any obligation to gross up, indemnify or otherwise reimburse any individual for any excise taxes, interest or penalties incurred pursuant to Section 409A of the Code.

(k) Each individual who is classified by the Company as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

(l) Neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, employee, independent contractor or consultant of the Target Company Group to severance pay or any other payment; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation due to any such individual; (iii) limit or restrict the right of the Company to merge, amend or terminate any Benefit Plan; (iv) increase the amount payable under or result in any other material obligation pursuant to any Benefit Plan; (v) result in "excess parachute payments" within the meaning of Section 280G(b) of the Code; or (vi) require a "gross-up" or other payment to any "disqualified individual" within the meaning of Section 280G(c) of the Code. The Company has made available to Parent true and complete copies of any Section 280G calculations prepared (whether or not final) with respect to any disqualified individual in connection with the transactions.

Section 3.21 Employment Matters.

(a) Section 3.21(a) of the Disclosure Schedules contains a list of all persons who are employees, independent contractors or consultants of the Target Company Group as of the date hereof, including any employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full or part time); (iii) hire date; (iv) current annual base compensation rate; (v) commission, bonus or other incentive-based compensation; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof. As of the date hereof, and other than amounts accrued between payroll dates in the ordinary course of business, all compensation, including wages, commissions and bonuses, payable to all employees, independent contractors or consultants of the Target Company Group for services performed on or prior to the date hereof have been paid in full (or accrued in full on the audited balance sheet contained in the Estimated Closing Statement) and there are no outstanding agreements, understandings or commitments of the Target Company Group with respect to any compensation, commissions or bonuses.

(b) The Target Company Group is not, and has not been for the past five (5) years, a party to, bound by, or negotiating any collective bargaining agreement or other Contract with a union, works council or labor organization (collectively, "**Union**"), and there is not, and has not been for the past five (5) years, any Union representing or purporting to represent any employee of the Target Company Group, and, to the Company's Knowledge, no Union or group of employees is seeking or within the past five (5) years has sought to organize employees for the purpose of collective bargaining. Within the past five (5) years, there has not been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor disruption or dispute affecting the Target Company Group or any of its employees. The Target Company Group has no duty to bargain with any Union.

(c) The Target Company Group is, and within the past three (3) years has been, in compliance in all material respects with all applicable Laws pertaining to employment and employment practices, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance. All individuals characterized and treated by the Target Company Group as independent contractors or consultants are treated as independent contractors in material compliance with all applicable Laws. All employees of the Target Company Group classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are classified in compliance in all material respects with such Laws. There are no Actions against the Target Company Group pending, or to the Company's Knowledge, threatened to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former applicant, employee, consultant, intern or independent contractor of the Target Company Group, including, without limitation, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wage and hours or any other employment-related matter arising under applicable Laws.

(d) Within the past three (3) years, the Target Company Group has complied in all material respects with the WARN Act, and it has no plans to undertake any action in the future that would trigger the WARN Act.

Section 3.22 Taxes. Except as set forth in Section 3.22 of the Disclosure Schedules:

(a) All income and other material Tax Returns required to be filed on or before the Closing Date by the Company have been, or will be, timely filed. Such Tax Returns are, or will be, true, complete and correct in all material respects. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) The Company has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied in all material respects with all information reporting and backup withholding provisions of applicable Law.

(c) No claim has been made in writing by any taxing authority in any jurisdiction where the Company does not pay Tax or file Tax Returns that it is, or may be, subject to Tax or required to file Tax Returns by that jurisdiction.

(d) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company.

(e) The amount of the Company's Liability for unpaid Taxes for all periods ending on or before December 31, 2015 does not, in the aggregate, exceed the amount of accruals for Taxes (excluding reserves for deferred Taxes) reflected on the Financial Statements. The amount of the Company's Liability for unpaid Taxes for all periods following the end of the recent period covered by the Financial Statements shall not, in the aggregate, exceed the amount of accruals for Taxes (excluding reserves for deferred Taxes) as adjusted for the passage of time in accordance with the past custom and practice of the Company (and which accruals shall not exceed comparable amounts incurred in similar periods in prior years).

(f) Section 3.22(f) of the Disclosure Schedules sets forth:

(i) the taxable years of the Company as to which the applicable statutes of limitations on the assessment and collection of Taxes have not expired; and

(ii) those years for which examinations by the taxing authorities have been completed.

(g) All deficiencies asserted, or assessments made, against the Company in writing as a result of any examinations by any taxing authority have been fully paid or otherwise finally resolved.

(h) The Company is not a party to any Action by any taxing authority. There are no pending Actions or Actions threatened in writing by any taxing authority.

(i) The Company has delivered to Parent copies of all federal, state, local and foreign income, franchise and similar Tax Returns of the Company for all Tax periods ending on or after December 31, 2012.

(j) There are no Encumbrances for Taxes (other than Permitted Encumbrances) upon the assets of the Company.

(k) The Company is not a party to, or bound by, any Tax indemnity, Tax sharing or Tax allocation agreement (other than indemnification or tax gross-up provisions of any credit agreement or other agreement entered into in the ordinary course of business, the principal purpose of which is not related to Taxes).

(l) No private letter rulings or similar agreement or rulings have been requested by the Company or entered into or issued by any taxing authority with respect to the Company.

(m) The Company has not been a member of an affiliated, combined, consolidated or unitary Tax group for Tax purposes, other than a group the common parent of which is, and has been, the Company. The Company has no Liability for Taxes of any Person (other than the Company or any other member of the Target Company Group) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or foreign Law) or as transferee or successor, by contract or otherwise (other than indemnification or tax gross-up provisions of any credit agreement or other agreement entered into in the ordinary course of business, the principal purpose of which is not related to Taxes).

(n) The Company will not be required to include any item of income in, or exclude any item or deduction from, taxable income for a taxable period or portion thereof ending after the Closing Date as a result of:

(i) any change in a method of accounting under Section 481 of the Code (or any comparable provision of state, local or foreign Tax Laws), or use of an improper method of accounting, for a taxable period ending on or prior to the Closing Date;

(ii) an installment sale or open transaction occurring on or prior to the Closing Date;

(iii) a prepaid amount received on or before the Closing Date;

(iv) any closing agreement under Section 7121 of the Code, or similar provision of state, local or foreign Law; or

(v) any election under Section 108(i) of the Code.

(o) The Company is not, nor has it been, a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(a) of the Code.

(p) The Company has not been a "distributing corporation" or a "controlled corporation" in connection with a distribution described in Section 355 of the Code.

(q) The Company is not, and has not been, a party to, or a promoter of, a "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4(b)(2).

(r) The representations and warranties set forth in this Section 3.22, together with certain representations and warranties set forth in Section 3.08 and Section 3.20 (to the extent relating to Taxes), shall constitute the Company's only representations and warranties in respect of Taxes.

Section 3.23 Healthcare Regulatory and Related Matters.

(a) The Target Company Group are and have been, since January 1, 2012, in compliance in all material respects with (i) all Laws (including all rules, regulations and policies) of CMS, FDA, OIG, Drug Enforcement Administration ("**DEA**") and other Healthcare Regulatory Authorities, including by way of example only, the Food, Drug, and Cosmetic Act, the Public Health Service Act, the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health (HITECH) Act, the Federal Health Care Program Anti-Kickback Act (Social Security Act § 1128B(b)), the Anti-Inducement Act (Social Security Act § 1128A(a)(5)), the Ethics in Patient Referrals Act of 1989, as amended (Social Security Act § 1877), the other provisions of the Social Security Act and all implementing regulations, and (ii) all Healthcare Regulatory Authorizations, including all requirements of CMS, FDA, DEA and all other Healthcare Regulatory Authorities, that are applicable to the Target Company Group, or by which any property, product (if any), service or other asset of the Target Company Group is bound or affected.

(b) Since January 1, 2012, the Target Company Group has not received any written notification of any pending or, to the Company's Knowledge, threatened, revocation of any State or Federal license or permit; suspension or exclusion from any federal health care program, imposition of civil money penalties, or other claim, suit, proceeding, hearing, enforcement, audit, investigation, or action initiated by any Healthcare Regulatory Authority.

(c) Since January 1, 2013, the Target Company Group has held and maintained in full force and effect all material Healthcare Regulatory Authorizations required for the conduct of its business, and all such Healthcare Regulatory Authorizations are in full force and effect. No event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other impairment of the material rights of the holder of any such Healthcare Regulatory Authorization.

(d) No applications or notifications made or other materials submitted by the Target Company Group to any Regulatory Authority contained an untrue statement of material fact, or omitted to state a material fact required to be stated therein or necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading on a material matter.

(e) The Target Company Group does not manufacture, distribute, or use any medical device, drug or biologic that is required to be, but which has not been, approved, cleared or waived by the FDA.

(f) The Target Company Group has not received any material written information since January 1, 2012 from any Healthcare Regulatory Authority with jurisdiction over the marketing, sale, use, handling and control, safety, efficacy, reliability, manufacturing or provision of products offered or to be offered by the Company, if any, which would reasonably be expected to lead to the revocation, withdrawal, or denial of any application for marketing approval before such Healthcare Regulatory Authority.

(g) The Company has made available to Parent all material reports, documents, claims, notices, filings, minutes, transcripts, recordings and other material correspondence between the Target Company Group, on the one hand, and any Healthcare Regulatory Authority, on the other hand, since January 1, 2013.

(h) All material reports, documents, claims, applicable registration files and dossiers, notices and similar filings required to be filed, maintained, or furnished to any Healthcare Regulatory Authority by the Target Company Group since January 1, 2010 have been so filed, maintained or furnished and, to the Company's Knowledge, were complete and correct in all material respects on the date filed (or were corrected in or supplemented by a subsequent filing).

(i) All clinical testing conducted by or on behalf of the Target Company Group is being conducted in accordance with the Clinical Laboratory Improvement Amendments of 1988, 42 U.S.C. § 263a et seq.

(j) (i) The Target Company Group has not received any Form FDA 483, notice of adverse finding, warning letters, untitled letters or other notices alleging a lack of safety from any Healthcare Regulatory Authority, and (ii) there is no action or proceeding pending or, to the Company's Knowledge, threatened by any such Healthcare Regulatory Authority, contesting the approval of, the uses of, or the labeling (if any) or promotion of, or otherwise alleging any violation of Law with respect to, a product if any, manufactured, distributed or marketed by or on behalf of the Target Company Group.

(k) The Target Company Group is not the subject of any pending or, to the Company's Knowledge, threatened investigation regarding the Target Company Group, any Company services or any Company products, if any, by the FDA pursuant to its "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" Final Policy set forth in 56 Fed. Reg. 46191 (Sept. 10, 1991) (commonly known as the Application Integrity Policy) and any amendments thereto, or otherwise. Neither the Target Company Group, nor, to the Company's Knowledge, any officer, employee, agent or distributor of the Target Company Group, has committed or been convicted of any crime or engaged in any conduct for which debarment is mandated by 21 U.S.C. § 335a(a) or any similar Law or authorized by 21 U.S.C. § 335a(b) or any similar Law. Neither the Target Company Group, nor, to the Company's Knowledge, any officer, employee, agent or distributor of the Target Company Group, has been convicted of any crime or engaged in any conduct for which such Person could be excluded from participating in

the federal health care programs under Section 1128 of the Social Security Act or any similar Law. As of the date hereof, no claims, actions, proceedings or investigations that would reasonably be expected to result in a material debarment or exclusion of the Target Company Group is pending or, to the Company's Knowledge, threatened, against the Target Company Group or, to the Company's Knowledge, any of its directors, officers, employees or agents.

(l) The Target Company Group has not taken or agreed to take any action or has any Knowledge of any fact or circumstance that the Company believes is reasonably likely to materially impede or delay receipt of any Consent of any Governmental Authority necessary to consummate the Merger or the other transactions contemplated by this Agreement.

Since January 1, 2012, neither the Target Company Group nor any of its laboratories has received any Civil Investigative Demand or subpoena from the Department of Justice or any OIG subpoena or demand, nor does the Target Company Group have reason to suspect that it has been named as a defendant in a False Claims Act case, whether sealed or unsealed.

Section 3.24 Certain Business Practices.

(a) To the Company's Knowledge, the Target Company Group has not and, no agent, employee or other person with or acting on behalf of the Company or any of its Subsidiaries has, directly or indirectly:

(i) made any unlawful contributions, gifts, entertainment or other unlawful expenditures relating to political activity and related in any way to the Company's business;

(ii) made or offered any payment or transfer of anything of value to any foreign or domestic government official or employee, foreign or domestic political party or campaign, official or employee of any public international organization, or official or employee of any government-owned enterprise or institution (including any government hospitals or academic institutions) to obtain or retain business improperly or secure an improper advantage;

(iii) violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any other applicable statute or regulation that prohibits bribery or similar payments or transfers with corrupt intent;

(iv) established or maintained any unlawful fund of corporate monies or other properties; or,

(v) solicited, made, proposed to make, or receive any unlawful bribe, , influence payment, kickback, unlawful rebate, or other similar unlawful payment or unlawful inducement of any nature, including to healthcare providers or those employed by any governmental institutions.

(b) To the Company's Knowledge, the Target Company Group has not unlawfully:

(i) offered, paid, solicited or received anything of value paid directly or indirectly, overtly or covertly, in cash or in kind (excluding fair market value payments for equipment, services or supplies) to or from any physician, family member of a physician, or an entity in which a physician or physician family member has an ownership or investment interest, including, but not limited to:

(ii) payments for the use of premises leased to or from a physician, a family member of a physician or an entity in which a physician or family member has an ownership or investment interest; or

(iii) payments for the acquisition or lease of equipment, goods or supplies from a physician, a family member of a physician or an entity in which a physician or family member has an ownership or investment interest.

(iv) entered into any joint venture, partnership, co-ownership or other arrangement involving any ownership or investment interest by any physician, or family member of a physician, or an entity in which a physician or physician family member has an ownership or investment interest directly or indirectly, through equity, debt, or other means, including, but not limited to, an interest in an entity providing goods or services to the Target Company Group; or entered into any joint venture, partnership, co-ownership or other arrangement involving any ownership or investment interest by any person or entity including, but not limited to, a hospital, pharmacy, laboratory, review board, regulatory body, drug or equipment supplier, distributor or manufacturer, that is or was in a position to make or influence referrals, furnish items or services to, or otherwise general business for the Target Company Group.

Section 3.25 Books and Records. The minute books and stock record books of the Target Company Group since January 1, 2012, all of which have been made available to Parent, are complete and correct and have been maintained in accordance with sound business practices. The minute books of the Company contain accurate and complete records of all meetings, and actions taken by written consent of, the Stockholders, the Company Board and any committees of the Company Board, and no meeting, or action taken by written consent, of any such Stockholders, Company Board or committee has been held for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of the Company.

Section 3.26 Related Party Transactions. Except (i) as set forth on Section 3.26 of the Disclosure Schedules, (ii) employment agreements with any employee, officer or consultant of the Company or any of its Subsidiaries, (iii) amounts payable in reimbursement of expenses each incurred in the ordinary course of business consistent with past practices and (iv) any Benefit Plan, no executive officer or director of the Target Company Group and no person owning five percent (5%) or of the Shares (or any of such person's immediate family members or Affiliates or associates) is a party to any Contract with or binding upon the Company or any Subsidiary or any of its assets, rights or properties or has any interest in any property owned by the Company or any Subsidiary or has engaged in any transaction with any of the foregoing within the last twelve (12) months.

Section 3.27 Brokers. Except for Convergence Healthcare Advisors, LLC principals acting in their capacity as licensed securities agents of M&A Securities Group, Inc., no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of the Company.

Section 3.28 No Additional Representations. Except for the representations and warranties contained in this Article III, the Company expressly disclaims any representations or warranties of any kind or nature, express or implied, including any representations or warranties as to the Company and any of its Subsidiaries, their respective businesses and affairs or the transactions contemplated by this Agreement. It is understood that any cost estimates, projections or other predictions are not and shall not be deemed to be or to include representations or warranties of the Company, and are not and shall not be deemed to be relied upon by Parent or Merger Sub in executing, delivering and performing this Agreement and the transactions contemplated hereby, except as otherwise expressly set forth in this section.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, Parent and Merger Sub represent and warrant to the Company that the statements contained in this Article IV are true and correct as of the date hereof.

Section 4.01 Organization and Authority of Parent and Merger Sub. Each of Parent and Merger Sub is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation. Each of Parent and Merger Sub has full corporate power and authority to enter into and perform its obligations under this Agreement and the Ancillary Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Parent and Merger Sub of this Agreement and any Ancillary Document to which they are a party and the consummation by Parent and Merger Sub of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Parent and Merger Sub and no other corporate proceedings on the part of Parent and Merger Sub are necessary to authorize the execution, delivery and performance of this Agreement or to consummate the Merger and the other transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by Parent and Merger Sub, and (assuming due authorization, execution and delivery by each other party hereto) this Agreement constitutes a legal, valid and binding obligation of Parent and Merger Sub enforceable against Parent and Merger Sub in accordance with its terms. When each Ancillary Document to which Parent or Merger Sub is or will be a party has been duly executed and delivered by Parent or Merger Sub (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of Parent or Merger Sub enforceable against it in accordance with its terms.

Section 4.02 No Conflicts; Consents. The execution, delivery and performance by Parent and Merger Sub of this Agreement and the Ancillary Documents to which they are a party, and the consummation of the transactions contemplated hereby and thereby, do not and

will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles or certificate of incorporation, by-laws or regulations or other organizational documents of Parent or Merger Sub; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Parent or Merger Sub; or (c) require the consent, notice or other action by any Person under any Contract to which Parent or Merger Sub is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Parent or Merger Sub in connection with the execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, except for the filing of the Certificate of Merger with the Secretary of State of Delaware.

Section 4.03 No Prior Merger Sub Operations. Merger Sub was formed solely for the purpose of effecting the Merger and has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby.

Section 4.04 Brokers. Except for J. Jeffrey Brausch & Company, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of Parent or Merger Sub.

Section 4.05 Sufficiency of Funds. Parent has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement.

Section 4.06 Legal Proceedings. There are no Actions pending or, to Parent's or Merger Sub's knowledge, threatened against or by Parent, Merger Sub or any of their respective Affiliates that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to any such Action.

Section 4.07 Inspection. Each of Parent and Merger Sub is an informed and sophisticated Person, and has engaged expert advisors experienced in the evaluation and acquisition of companies such as the Company and its Subsidiaries as contemplated hereunder. Each of Parent and Merger Sub has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement and the transactions contemplated hereby. Parent and Merger Sub acknowledge and agree that they are relying exclusively on the representations set forth in Article III and their own examination and investigation of the Company and that they are not relying on any other statements or documents.

Section 4.08 No Other Representations. Notwithstanding anything in this Agreement to the contrary, neither Parent nor Merger Sub, nor any of their respective Representatives or stockholders, has made, and none of them is making, any representation or warranty whatsoever, express or implied, with respect to Parent, Merger Sub or their Affiliates or the transactions contemplated by this Agreement or any other matter, other than those representations and warranties of Parent and Merger Sub expressly set forth in this Article IV.

ARTICLE V

COVENANTS

Section 5.01 Stockholders Consent.

(a) The Company shall use its reasonable best efforts to obtain the Requisite Company Vote pursuant to written consents of the Stockholders (the "**Written Consent**"). The materials submitted to the Stockholders in connection with the Written Consent shall include the Company Board Recommendation. Promptly following receipt of the Written Consent, the Company shall deliver a copy of such Written Consent to Parent.

(b) Promptly following, but in no event than three (3) Business Days after, receipt of the Written Consent, the Company shall prepare and mail a notice (the "**Stockholder Notice**") to every Stockholder that did not execute the Written Consent. The Stockholder Notice shall (i) be a statement to the effect that the Company Board unanimously determined that the Merger is advisable in accordance with Section 251(b) of the DGCL and in the best interests of the Stockholders and unanimously approved and adopted this Agreement, the Merger and the other transactions contemplated hereby, (ii) provide the Stockholders to whom it is sent with notice of the actions taken in the Written Consent, including the approval and adoption of this Agreement, the Merger and the other transactions contemplated hereby in accordance with Section 228(e) of the DGCL and the bylaws of the Company and (iii) notify such Stockholders of their dissent and appraisal rights pursuant to Section 262 of the DGCL. The Stockholder Notice shall include therewith a copy of Section 262 of DGCL and all such other information as required by Law or as Parent shall reasonably request, and shall be sufficient in form and substance to start the twenty (20) day period during which a Stockholder must demand appraisal of such Stockholder's Common Stock as contemplated by Section 262(d)(2) of the DGCL. All materials submitted to the Stockholders in accordance with this Section 5.01(b) shall be subject to Parent's advance review and reasonable approval.

Section 5.02 Resignations. The Company shall deliver to Parent written resignations, effective as of the Closing Date, of the officers and directors of the Company and its Subsidiaries set forth on Section 5.02 of the Disclosure Schedules five (5) Business Days prior to the Closing.

Section 5.03 Directors' and Officers' Indemnification and Insurance.

(a) Parent and Merger Sub agree that all rights to indemnification, advancement of expenses and exculpation by the Company now existing in favor of each Person who is now, or has been at any time prior to the date hereof or who becomes prior to the Effective Time an officer or director of the Company (each a "**D&O Indemnified Party**") as provided in the Company Charter Documents, in each case as in effect on the date of this Agreement, or pursuant to any other Contracts in effect on the date hereof and disclosed in Section 5.03 of the Disclosure Schedules, shall be assumed by the Surviving Corporation in the Merger, without further action, at the Effective Time and shall survive the Merger and shall remain in full force and effect in accordance with their terms, and, in the event that any proceeding is pending or asserted or any claim made during such period, until the final disposition of such proceeding or claim.

(b) For six years after the Effective Time, to the fullest extent permitted under applicable Law, Parent and the Surviving Corporation (the "**D&O Indemnifying Parties**") shall indemnify, defend and hold harmless each D&O Indemnified Party against all losses, claims, damages, liabilities, fees, expenses, judgments and fines arising in whole or in part out of actions or omissions in their capacity as such occurring at or prior to the Effective Time (including in connection with the transactions contemplated by this Agreement), and shall reimburse each D&O Indemnified Party for any legal or other expenses reasonably incurred by such D&O Indemnified Party in connection with investigating or defending any such losses, claims, damages, liabilities, fees, expenses, judgments and fines as such expenses are incurred, subject to the Surviving Corporation's receipt of an undertaking by such D&O Indemnified Party to repay such legal and other fees and expenses paid in advance if it is ultimately determined in a final and non-appealable judgment of a court of competent jurisdiction that such D&O Indemnified Party is not entitled to be indemnified under applicable Law; *provided, however*, that the Surviving Corporation will not be liable for any settlement effected without the Surviving Corporation's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) Prior to the Closing, the Company shall obtain and fully pay for "tail" insurance policies with a claims period of at least six (6) years from the Effective Time with at least the same coverage and amount and containing terms and conditions that are not less advantageous to the directors and officers of the Company as the Company's existing policies with respect to claims arising out of or relating to events which occurred before or at the Effective Time (including in connection with the transactions contemplated by this Agreement) (the "**D&O Tail Policy**"). The Company shall bear the cost of the D&O Tail Policy, and such costs, to the extent not paid prior to the Closing, shall be included in the determination of Transaction Expenses. During the term of the D&O Tail Policy, Parent shall not (and shall cause the Surviving Corporation not to) take any action following the Closing to cause the D&O Tail Policy to be cancelled or any provision therein to be amended or waived*; provided*, that neither Parent, the Surviving Corporation nor any Affiliate thereof shall be obligated to pay any premiums or other amounts in respect of such D&O Tail Policy.

(d) The obligations of Parent and the Surviving Corporation under this Section 5.03 shall survive the consummation of the Merger and shall not be terminated or modified in such a manner as to adversely affect any D&O Indemnified Party to whom this Section 5.03 applies without the consent of such affected D&O Indemnified Party (it being expressly agreed that the D&O Indemnified Parties to whom this Section 5.03 applies shall be third-party beneficiaries of this Section 5.03, each of whom may enforce the provisions of this Section 5.03).

(e) In the event Parent, the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, shall assume all of the obligations set forth in this Section 5.03. The agreements and covenants contained herein shall not be deemed to be exclusive of any other rights to which any Indemnified Party is entitled, whether pursuant to Law, Contract or

otherwise. Nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights to directors' and officers' insurance claims under any policy that is or has been in existence with respect to the Company or its officers, directors and employees, it being understood and agreed that the indemnification provided for in this Section 5.03 is not prior to, or in substitution for, any such claims under any such policies.

Section 5.04 Public Announcements. Unless otherwise required by applicable Law or stock exchange requirements (based upon the reasonable advice of counsel), no party to this Agreement or any of their respective Representatives shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed), and the parties shall cooperate as to the timing and contents of any such announcement, provided, that this Section 5.04 shall not prohibit any party hereto or any Company Equityholders who are an investment fund from disclosing to any current or potential investor in such Person's fund(s) the fact, amount and year of such Person's individual investment in the Company, the Merger and the date on which the Merger occurred and such Person's individual return on investment, individual rate of return or similar individual metric on such investment, in each case, in the ordinary course of such Person's business.

Section 5.05 Further Assurances. At and after the Effective Time, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and behalf of the Company or Merger Sub, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Company or Merger Sub, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets of the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

Section 5.06 R&W Insurance Policy. Prior to the Closing, Parent shall have obtained the R&W Insurance Policy from an insurer with terms mutually agreeable to Parent and the Stockholder Representative, with the R&W Insurance Premium being split equally by Parent and the Company (the Company's share of such R&W Insurance Premium being deemed a Transaction Expense).

ARTICLE VI

TAX MATTERS

Section 6.01 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the Ancillary Documents (including any real property transfer Tax and any other similar Tax) shall be borne and paid 50% by the Indemnifying Holders and 50% by Parent when due. The party required by law to file any Tax Return or other document with respect to such Taxes or fees shall timely file such document (and the other party shall cooperate with respect thereto as necessary).

Section 6.02 Termination of Existing Tax Sharing Agreements. Any and all existing Tax sharing agreements (whether written or not) binding upon the Company shall be terminated as of the Closing Date. After such date, neither the Company nor any of its Representatives shall have any further rights or liabilities thereunder.

Section 6.03 Tax Indemnification. Except to the extent treated as a liability in the calculation of Closing Working Capital, the Indemnifying Holders shall, severally (in accordance with their Pro Rata Shares and not jointly), indemnify and defend the Company, Parent, and each Parent Indemnitee and hold them harmless from and against (a) any Loss attributable to any breach of or inaccuracy in any representation or warranty made in Section 3.22; (b) any Loss attributable to any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in Article VI; (c) all Taxes of the Target Company Group for all Pre-Closing Tax Periods; (d) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which any member of the Target Company Group (or any predecessor thereof) is or was a member on or prior to the Closing Date by reason of a liability under Treasury Regulation Section 1.1502-6 or any comparable provisions of foreign, state or local Law; and (e) any and all Taxes of any person imposed by any Governmental Authority on the Target Company Group arising under the principles of transferee or successor liability or by contract, relating to an event or transaction occurring before the Closing Date, in each case, without duplication, together with any out-of-pocket fees and expenses (including attorneys' and accountants' fees) incurred in connection therewith. Notwithstanding anything in this Agreement to the contrary, the Indemnifying Holders shall not be liable for Taxes of Parent, the Surviving Corporation or any of their Subsidiaries or Affiliates for or attributable to taxable periods (or portions thereof) beginning after the Closing Date (other than pursuant to a breach of Section 3.08(y), 3.22(g), 3.22(h), 3.22(i), 3.22(k), 3.22(l), 3.22(m), 3.22(n), 3.22(n), 3.22(o), 3.22(p), or 3.22(q)), including as a result of actions taken on the Closing Date and after the Closing that are outside of the ordinary course of business, or the continuation of conduct with respect to Taxes after the Closing Date or regarding the amount, value or condition of, or any limitations on the use of, any net operating loss, carryforward, basis in assets, or other Tax attributes after the Closing Date. Further, the Indemnifying Holders shall have no liability to indemnify any Parent Indemnitee, pursuant to this Section 6.03 or Article VIII, for any liability related to Unclaimed Property Laws or Unfiled State Tax Returns. Notwithstanding anything to the contrary herein, no indemnification shall be payable pursuant to this Section 6.03 in respect of any Losses to the extent any liability in respect of such Losses has been reflected as a Current Liability in the computation of the Closing Working Capital or the calculation of Closing Indebtedness, including with respect to Unclaimed Property Laws and Unfiled State Tax Returns.

Section 6.04 Tax Returns

(a) The Company shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns required to be filed by it that are due on or before the Closing Date (taking into account any extensions), and shall timely pay all Taxes that are due and payable on or before the Closing Date (taking into account any extensions). Any such Tax Return shall be prepared in a manner consistent with past practice (unless otherwise required by Law).

(b) Parent shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns required to be filed by the Company after the Closing Date. Any such Tax Return with respect to a Pre-Closing Tax Period or Straddle Period shall be prepared in a manner consistent with past practice (unless otherwise required by Law and provided that Parent shall not, in any event, cause the Company to elect to waive any carryback of net operating losses under Section 172(b)(3) of the Code on any Tax Return of the Company filed in respect of a Pre-Closing Tax Period) and, if it is an income or other material Tax Return, shall be submitted by Parent to the Stockholder Representative (together with schedules, statements and, to the extent requested by the Stockholder Representative, supporting documentation) at least forty five (45) days prior to the due date (including extensions) of such Tax Return. If Stockholder Representative objects to any item on any such Tax Return that relates to a Pre-Closing Tax Period, it shall, within fifteen (15) days after delivery of such Tax Return, notify Parent in writing that it so objects, specifying with particularity any such item and stating the specific factual or legal basis for any such objection. If a notice of objection shall be duly delivered, Parent and the Stockholder Representative shall negotiate in good faith and use their reasonable best efforts to resolve such items. If Parent and the Stockholder Representative are unable to reach such agreement within ten (10) days after receipt by Parent of such notice, the disputed items shall be resolved by the Independent Accountant and any determination by the Independent Accountant shall be final. The Independent Accountant shall resolve any disputed items within twenty (20) days of having the item referred to it pursuant to such procedures as it may require. If the Independent Accountant is unable to resolve any disputed items before the due date for such Tax Return, the Tax Return shall be filed as prepared by Parent and then amended to reflect the Independent Accountant's resolution. The costs, fees and expenses of the Independent Accountant shall be borne equally by Parent and the Stockholder Representative. The preparation and filing of any Tax Return of the Company that does not relate to a Pre-Closing Tax Period or Straddle Period shall be exclusively within the control of Parent. Parent shall be entitled to deduct from the Indemnification Escrow Funds (i) Taxes due with respect to any such Tax Return that relate to Pre-Closing Tax Periods and (ii) Taxes due with respect to any such Tax Return that relate to Straddle Periods that are attributable under Section 6.05 to the portion of such Straddle Period ending on the Closing Date, but only to the extent such Taxes due were not taken into account as liabilities in computing the Closing Working Capital.

(c) Parent shall cause the Tax year of the Company to close as of the end of the Closing Date for U.S. federal income tax purposes by including the Company on Parent's consolidated Tax Return after the Closing Date, and Parent shall not take any action, or permit any action to be taken, that would prevent the tax year of the Company from ending for state, local and foreign income tax purposes at the end of the day on the Closing Date. Parent shall deduct all Transaction Deductions (as defined below) on the Company's Tax Return ending on the Closing Date, except as otherwise required by applicable Law, including, at the election of the Stockholder Representative, being computed consistent with the safe harbor for treating success-based fees pursuant to Revenue Procedure 2011-29. Tax Returns shall be prepared for a Pre-Closing Tax Period ending on the Closing Date in accordance with Treasury Regulations Section 1.1502-76(b)(1)(ii)(A)(1) (and not using the "next day" rule of Treasury Regulations Section 1.1502-76(b)(1)(ii)(B) or the ratable allocation method under Treasury Regulations Section 1.1502-76(b)(2)(ii) or 1.1502-76(b)(2)(iii)).

Section 6.05 Straddle Period. In the case of Taxes that are payable with respect to a taxable period that begins before and ends after the Closing Date (each such period, a "**Straddle Period**"), the portion of any such Taxes that are treated as Pre-Closing Taxes for purposes of this Agreement shall be:

(a) in the case of Taxes (i) based upon, or related to, income, receipts, profits, wages, capital or net worth, (ii) imposed in connection with the sale, transfer or assignment of property, or (iii) required to be withheld, deemed equal to the amount which would be payable if the taxable year ended with the Closing Date; and

(b) in the case of other Taxes, deemed to be the amount of such Taxes for the entire period multiplied by a fraction the numerator of which is the number of days in the period ending on and including the Closing Date and the denominator of which is the number of days in the entire period.

Section 6.06 Contests. Parent agrees to give written notice to the Stockholder Representative of the receipt of any written notice by the Company, Parent or any of Parent's Affiliates which involves the assertion of any claim, or the commencement of any Action, in respect of which an indemnity may be sought by Parent pursuant to this Article VI (a "**Tax Claim**"); *provided, that* failure to comply with this provision shall not affect Parent's right to indemnification hereunder except to the extent that the Stockholders, Warrant Holders or Optionholders are materially prejudiced thereby. Parent shall control the contest or resolution of any Tax Claim; *provided, however*, that Parent shall obtain the prior written consent of the Stockholder Representative (which consent shall not be unreasonably withheld, conditioned or delayed) before entering into any settlement of a claim or ceasing to defend such claim; and, *provided further*, that the Stockholder Representative shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose, the fees and expenses of which separate counsel shall be borne solely by the Stockholder Representative.

Section 6.07 Cooperation and Exchange of Information. The Stockholder Representative, the Company and Parent shall timely provide each other with such cooperation and information as either of them reasonably may request of the others in filing any Tax Return pursuant to this Article VI or in connection with any audit or other proceeding in respect of Taxes of the Company. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules, related work papers and documents relating to rulings or other determinations by tax authorities. Each of the Stockholder Representative, the Company and Parent shall retain all Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of the Company for any taxable period beginning before the Closing Date until the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by any of the other parties in writing of such extensions for the respective Tax periods. Prior to transferring, destroying or discarding any Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of the Company for any taxable period beginning before the Closing Date, the Stockholder Representative, the Company or Parent (as the case may be) shall provide the other parties with reasonable written notice and offer the other parties the opportunity to take custody of such materials.

Section 6.08 Tax Treatment of Indemnification Payments. Any indemnification payments pursuant to this Article VI shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

Section 6.09 Payments to Parent. Any amounts payable to Parent pursuant to this Article VI shall be satisfied: (i) from the Indemnification Escrow Fund; and (ii) to the extent such amounts exceed the amount available to Parent in the Indemnification Escrow Fund, from the Indemnifying Holders, severally (in accordance with their Pro Rata Shares and not jointly).

Section 6.10 FIRPTA Statement. On the Closing Date, the Company shall deliver to Parent a certificate, dated as of the Closing Date, certifying to the effect that no interest in the Company is a U.S. real property interest (such certificate in the form required by Treasury Regulation Section 1.897-2(h) and 1.1445-3(c)) (the "**FIRPTA Statement**").

Section 6.11 Survival. Notwithstanding anything in this Agreement to the contrary, the provisions of Section 3.22 and this Article VI shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus sixty (60) days.

Section 6.12 Overlap. To the extent that any obligation or responsibility pursuant to Article VIII may overlap with an obligation or responsibility pursuant to this Article VI, the provisions of this Article VI shall govern to the exclusion of the provisions of Article VIII.

Section 6.13 Refunds and Post Closing Tax Benefits.

(a) The Indemnifying Holders will be entitled to all cash refunds (or credits taken in lieu thereof) of Tax of the Company or any of its Subsidiaries for Pre-Closing Tax Periods (including, for the avoidance of doubt, the portion of any Straddle Period ending on the Closing Date as determined under Section 6.05), but only to the extent that the relevant Tax refund (or credit) (x) was not included as a Current Asset or as a reduction or offset to Current Liabilities in the calculation of the Closing Working Capital, as finally determined and (y) does not arise out of any losses, credits or other Tax attributes that arose after the Closing Date (including, for the avoidance of doubt, the portion of any Straddle Period beginning after the Closing Date as determined under Section 6.05). If Parent, the Surviving Corporation or any of their Affiliates receives any refund (or credit taken in lieu thereof) of Tax to which the Company Equityholders are entitled pursuant to this Section 6.13(a), Parent or the Surviving Corporation will promptly pay (or cause their respective Affiliates to pay) the amount of such refund (including interest actually received from a Governmental Authority in connection therewith, but net of applicable Taxes and other reasonable costs and expenses) to the Stockholder Representative for distribution to the Indemnifying Holders. If any such refund (or credit) is paid over to the Stockholder Representative pursuant to this Section 6.13(a) and all or any portion of such refund (or credit) is subsequently disallowed required to be repaid to any Governmental Authority, then the Stockholder Representative shall promptly cause the Indemnifying Holders to repay such amount (plus any interest, penalties and additions to Tax imposed by a Governmental Authority) to Parent or the Surviving Corporation, as applicable. Upon a request from the Stockholder Representative, Parent shall cause the Surviving Corporation or its applicable Affiliate to use its commercially reasonable efforts to obtain any

refund (or credit for overpayment) that the Indemnifying Holders are entitled to pursuant to this Section 6.13(a) unless such efforts would have the effect of increasing a Tax liability of the Company or the Parent that is not indemnified by the Indemnifying Holders under this Agreement. For the avoidance of doubt, any Tax Returns filed pursuant to this Section 6.13(a) shall be subject to the review and dispute resolution procedures set forth in Section 6.04(b).

(b) Any tax benefit not taken into account as a Current Asset or paid pursuant to Section 6.13(a) ("**Actual Tax Savings**") directly arising from deductions claimed by the Company for Transaction Expenses (excluding Company's share of the R&W Insurance Premium to the extent included as a Transaction Expense), the Sale Participation Plan and the payment of related Taxes, the retirement of any Company debt in connection with the transactions contemplated by this Agreement, and any brokerage fees, legal fees, "success-based" fees (which shall be deducted to the extent permitted by the safe harbor in Rev. Proc. 2011-29) incurred in connection with this Agreement, as and to the extent actually reported on the final Company tax return for the period ending on the date of Closing Date, including any amendments thereto (collectively, "**Transaction Deductions**"), if and when realized by the Surviving Corporation, shall be paid by the Surviving Corporation to the Stockholder Representative for distribution by the Stockholder Representative, which payment shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes unless otherwise required by Law. For purposes of the foregoing, Actual Tax Savings shall be computed as the excess of (A) the Taxes that would have been incurred in a taxable period (or portion thereof) beginning after the Closing Date by Parent, the Surviving Corporation (or any successors) and their respective Subsidiaries and Affiliates if there were no Transaction Deductions for any period, over (B) the actual Taxes incurred in a taxable period (or portion thereof) beginning after the Closing Date by Parent, the Surviving Corporation (or any successors) and their respective Subsidiaries and Affiliates. Parent will claim or cause to be claimed any Transaction Deductions or net operating loss carryforwards with respect thereto that would result in Actual Tax Savings in the earliest tax year permitted by applicable Law.

(c) For each taxable period ending after the Closing Date and on or prior to December 31, 2018, Parent will certify to the Stockholder Representative, within thirty (30) days of filing any income Tax Return (other than estimated Tax Returns) for such period, the amount of the Actual Tax Savings, if any. In connection with such certification, Parent shall provide the Stockholder Representative with such supporting documentation and other information with respect to the Transaction Deductions and Actual Tax Savings calculation as the Stockholder Representative shall reasonably request. Any disputes regarding the calculation of the Actual Tax Savings for any Tax period shall be resolved by the Independent Accountant (and the costs, fees and expenses of the Independent Accountant in connection therewith shall be borne equally by Parent and the Stockholder Representative).

Section 6.14 Post-Closing Tax Actions. Unless required by applicable Law, Parent and the Company shall not amend any Tax Return of the Company with respect to a Pre-Closing Tax Period, take any action after the Closing on the Closing Date outside the ordinary course of business, initiate discussions or examinations with Governmental Authorities regarding Taxes with respect to Pre-Closing Tax Periods, make any voluntary disclosures with respect to Taxes for Pre-Closing Tax Periods, make or change any Tax elections (including pursuant to Section 338 or 336(e) of the Code), change any accounting method or adopt any convention that

shifts taxable income from a Tax period beginning (or deemed to begin) after the Closing Date to a Pre-Closing Tax Period or shifts deductions or losses from a Pre-Closing Tax Period to a Tax period beginning (or deemed to begin) after the Closing Date, or otherwise take any actions outside the ordinary course of business with respect to Pre-Closing Tax Periods, in each case, without the prior written consent of Stockholder Representative (which consent shall not be unreasonably withheld) to the extent any such action, initiation of discussions or examinations, voluntary disclosure, change in accounting method or adoption of any convention would adversely affect the Indemnifying Holders. For the avoidance of doubt and notwithstanding anything to the contrary in this Section 6.14, Parent may, at its sole discretion, initiate discussions with Governmental Authorities or make any voluntary disclosures with respect to Taxes in connection with Unfiled State Tax Returns and Unclaimed Property Laws.

ARTICLE VII

CONDITIONS TO CLOSING

Section 7.01 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) This Agreement shall have been duly adopted by the Requisite Company Vote.

(b) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

Section 7.02 Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Parent's waiver, at or prior to the Closing, of each of the following conditions:

(a) The Company shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by it prior to or on the Closing Date.

(b) No Action shall have been commenced against Parent, Merger Sub or the Company, which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(c) From the date of this Agreement, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(d) The Company shall have delivered each of the closing deliverables set forth in Section 2.03(a).

(e) Holders of no more than ten percent (10%) of the outstanding shares of Company Stock, on an as-converted basis, as of immediately prior to the Effective Time, in the aggregate, shall have exercised, or remain entitled to exercise, statutory appraisal rights pursuant to Section 262 of the DGCL with respect to such shares of Company Stock.

(f) Parent shall have obtained the R&W Insurance Policy from an insurer and with terms mutually agreeable to Parent and the Stockholder Representative, with the R&W Insurance Premium being split equally by Parent and the Company (the Company's share of such R&W Insurance Premium being deemed a Transaction Expense).

Section 7.03 Conditions to Obligations of the Company. The obligations of the Company to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the Company's waiver, at or prior to the Closing, of each of the following conditions:

(a) Parent and Merger Sub shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by them prior to or on the Closing Date.

(b) No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(c) Parent shall have delivered each of the closing deliverables set forth in Section 2.03(b).

ARTICLE VIII

INDEMNIFICATION

Section 8.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein (other than any representations or warranties contained in Section 3.22 (Taxation), which are subject to the provisions of Article VI) shall survive the Closing and shall remain in full force and effect until the date that is twelve (12) months from the Closing Date; *provided, that* the representations and warranties in Section 3.01 (Organization and Qualification of the Company), Section 3.02(a) (Authority), Section 3.04 (Capitalization), Section 3.27 (Brokers), Section 4.01 (Organization and Authority of Parent and Merger Sub) and Section 4.04 (Brokers) shall survive indefinitely. All covenants and agreements of the parties contained herein (other than any covenants or agreements contained in Article VI, which are subject to the provisions of Article VI) shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity, including a reasonable estimate of the amount of Losses associated therewith (to the extent such Losses are known and reasonably estimable at such time) and in writing by notice from the Indemnified Party to the Indemnifying

Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 8.02 Indemnification By Indemnifying Holders. Subject to the other terms and conditions of this Article VIII, the Indemnifying Holders, severally (in accordance with their Pro Rata Shares and not jointly), shall indemnify and defend each of Parent and its Affiliates (including the Company) and their respective Representatives (collectively, the "**Parent Indemnitees**") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Parent Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of the Company contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Company pursuant to this Agreement (other than in respect of Section 3.22, it being understood that the sole remedy for any such inaccuracy in or breach thereof shall be pursuant to Article VI), as of the date such representation or warranty was made (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Company pursuant to this Agreement (other than any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in Article VI, it being understood that the sole remedy for any such breach, violation or failure shall be pursuant to Article VI);

(c) any claim made by any Company Equityholder relating to such Person's rights with respect to the Merger Consideration, or the calculations and determinations set forth on the Consideration Spreadsheet;

(d) any amounts paid to the holders of Dissenting Shares, including any interest required to be paid thereon, that are in excess of what such holders would have received hereunder had such holders not been holders of Dissenting Shares; or

(e) any Transaction Expenses or Indebtedness of the Company outstanding as of the Closing to the extent not paid or satisfied by the Company at or prior to the Closing, or if paid by Parent or Merger Sub at or prior to the Closing, to the extent not deducted in the determination of Closing Merger Consideration.

Section 8.03 Indemnification By Parent. Subject to the other terms and conditions of this Article VIII, Parent shall indemnify and defend each of the Indemnifying Holders and their Affiliates and their respective Representatives (collectively, the "Stockholder Indemnitees") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Stockholder Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Parent and Merger Sub contained in this Agreement or in any certificate or instrument delivered

by or on behalf of Parent or Merger Sub pursuant to this Agreement, as of the date such representation or warranty was made (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Parent or Merger Sub pursuant to this Agreement (other than Article VI, it being understood that the sole remedy for any such breach thereof shall be pursuant to Article VI).

Section 8.04 Certain Limitations. The indemnification provided for in Section 8.02 and Section 8.03 shall be subject to Section 8.01 and to the following limitations:

(a) The Indemnifying Holders shall not be liable to the Parent Indemnitees for indemnification under Section 8.02(a) until the aggregate amount of all Losses in respect of indemnification under Section 8.02(a) exceeds One Hundred Twenty-Five Thousand Dollars ($125,000) (the "**Basket**"), in which event the Indemnifying Holders shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which the Indemnifying Holders shall be liable pursuant to Section 8.02(a) shall not exceed the amount then remaining in the Indemnification Escrow Fund at the time of such claim (the "**Cap**"). The maximum aggregate liability of an Indemnifying Holders for indemnification under this Article VIII shall not exceed the amount of proceeds actually received by such Indemnifying Holder.

(b) Parent shall not be liable to the Stockholder Indemnitees for indemnification under Section 8.03(a) until the aggregate amount of all Losses in respect of indemnification under Section 8.03(a) exceeds the Basket, in which event Parent shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Parent shall be liable pursuant to Section 8.03(a) shall not exceed Six Hundred Twenty-Five Thousand Dollars ($625,000).

(c) Notwithstanding the foregoing, the Basket shall not apply to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any representation or warranty in Section 3.01 (Organization and Qualification of the Company), Section 3.02(a) (Authority), Section 3.04 (Capitalization) , Section 3.27 (Brokers), Section 4.01 (Organization and Authority of Parent and Merger Sub) and Section 4.04 (Brokers). For the avoidance of doubt, the Basket shall not apply to any Tax related Losses to which the indemnity in Article VI hereof applies.

(d) For purposes of this Article VIII, any inaccuracy in or breach of any representation or warranty shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

(e) If a Parent Indemnitee is owed any amount in respect of Losses hereunder and has actually realized any Loss Tax Benefit arising from the incurrence or payment of such Losses, then such Losses shall be calculated net of such Loss Tax Benefit. For purposes hereof, "**Loss Tax Benefit**" shall mean the Tax savings or benefits actually realized (through a reduction of Taxes actually payable) by such Parent Indemnitee (or any Affiliate) in the year of the Loss or the two immediately succeeding taxable years.

(f) Parent Indemnitee acknowledges and agrees that, for the purposes hereof, Losses shall be calculated based on the amount of Loss that remains after deducting therefrom any insurance proceeds (other than any proceeds received pursuant to the R&W Insurance Policy) actually received (currently or in the future) or any indemnity, contribution or similar payment received or to be received by an Parent Indemnitee with respect thereto.

(g) If a Parent Indemnitee is entitled to indemnification under more than one clause or subclause of this Agreement with respect to Losses, then such Parent Indemnitee shall be entitled to only one indemnification or recovery for such Losses to the extent it arises out of the same set of circumstances and events; it being understood that this Section 8.04(g) is solely to preclude a duplicate recovery by a Parent Indemnitee and shall not limit the Indemnified Party's right to elect (which election shall be at such Indemnified Party's sole discretion) from which of such clauses or subclauses to seek indemnification.

(h) Notwithstanding anything to the contrary herein, no indemnification shall be payable pursuant to this Article VIII in respect of any Losses to the extent any liability in respect of such Losses has been reflected as a Current Liability in the computation of the Closing Working Capital.

(i) In no event shall any Party be responsible or liable for any Losses that are consequential, special, indirect or punitive, diminution in value, lost profits, damages based on multiples or otherwise not actual damages, except to the extent actually awarded to a Governmental Authority or other third party pursuant to a Third Party Claim. Each Party shall take all reasonable steps to mitigate its Losses upon and after becoming aware of any event which could reasonably be expected to give rise to any Losses.

(j) Notwithstanding anything to the contrary herein, no indemnification shall be payable pursuant to this Article VIII or Section 6.03 in respect of any Losses with respect to Unclaimed Property Laws or Unfiled State Tax Returns.

Section 8.05 Indemnification Procedures. The party making a claim under this Article VIII is referred to as the "**Indemnified Party**", and the party against whom such claims are asserted under this Article VIII is referred to as the "**Indemnifying Party**". For purposes of this Article VIII, if Parent (or any other Parent Indemnitee) comprises the Indemnifying Party, any references to the Indemnified Party shall be deemed to refer to the Stockholder Representative. Any payment received by the Stockholder Representative as the Indemnified Party shall be distributed to the Indemnifying Holders in accordance with this Agreement.

(a) Third Party Claims. If any Indemnified Party receives written notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "**Third Party Claim**") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later

than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure or otherwise materially prejudices the defense of such Third Party Claim. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided, that* if the Indemnifying Party is an Indemnifying Holder, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (x) relates to or arises in connection with any criminal proceedings, action, indictment, allegation or investigations or (y) seeks an injunction or other equitable relief against the Indemnified Parties. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.05(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided, that* if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of one (1) counsel to the Indemnified Party. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 8.05(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Stockholder Representative and Parent shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 8.05(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim without the written consent of

the Indemnified Party. If the Indemnified Party has assumed the defense pursuant to Section 8.05(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) Direct Claims. Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "**Direct Claim**") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure or otherwise materially prejudices the defense of such Direct Claim. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its Representative to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to the Surviving Corporation's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its Representatives may reasonably request. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

(d) Tax Claims. Notwithstanding any other provision of this Agreement, the control of any claim, assertion, event or proceeding in respect of Taxes of the Company (including, but not limited to, any such claim in respect of a breach of the representations and warranties in Section 3.22 hereof or any breach or violation of or failure to fully perform any covenant, agreement, undertaking or obligation in Article VI) shall be governed exclusively by Article VI hereof.

Section 8.06 Payments; Indemnification Escrow Fund.

(a) Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Article VIII, the Indemnifying Party shall satisfy its obligations within fifteen (15) Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds from the Indemnification Escrow Fund.

(b) Any Losses payable to a Parent Indemnitee pursuant to Article VIII shall be satisfied solely from the Indemnification Escrow Fund.

(c) Upon the termination of the Indemnification Escrow Fund pursuant to the terms of the Escrow Agreement, the Escrow Agent shall pay any amounts remaining in the Indemnification Escrow Fund to the Indemnifying Holders as set forth in the Escrow Agreement in accordance with their Pro Rata Shares.

(d) All parties hereto agree that for all income Tax purposes: (i) any right of the Indemnifying Holders to the Indemnification Escrow Fund shall be treated as deferred contingent purchase price eligible for installment sale treatment under Section 453 of the Code and any corresponding provision of foreign, state or local law, as appropriate; (ii) Parent shall be treated as the owner of the Indemnification Escrow Fund, and all interest and earnings earned from the investment and reinvestment of the Indemnification Escrow Fund, or any portion thereof, shall be allocable to Parent pursuant to Section 468B(g) of the Code and Proposed Treasury Regulations Section 1.468B-8; (iii) if and to the extent that any amount of the Indemnification Escrow Fund is actually distributed for the account of the Indemnifying Holders, interest may be imputed on such amount, as required by Section 483 or 1274 of the Code; and (iv) in the event that the total amount of any interest and earnings earned on the Indemnification Escrow Fund exceeds the imputed interest determined under clause (iii), the parties hereto agree that such excess amount shall be treated as additional contingent interest or other income and not as purchase price. Clause (iv) of the preceding sentence is intended to ensure that any right of Indemnifying Holders to the Indemnification Escrow Fund and any interest and earnings thereon is not treated as a contingent payment without a stated maximum selling price under Section 453 of the Code and the Treasury Regulations promulgated thereunder. All parties hereto shall file all Tax returns consistently with the foregoing.

(e) Subject to the terms of this Agreement (and except in the case of Actual Fraud), the Parent Indemnitees hereby acknowledges and agrees that its sole source of indemnification for Losses based upon, arising out of or otherwise in respect of the matters set forth in this Article VIII and the facts and circumstances relating and pertaining hereto (whether any such claim shall be made in contract, breach of warranty, tort or otherwise) after the Indemnification Escrow Fund shall have been exhausted or distributed pursuant to the terms of this Agreement and the Escrow Agreement, shall be satisfied solely from the R&W Insurance Policy, and it shall not (and shall cause its Affiliates not to) directly or indirectly pursue any right, claim or action for indemnification, contribution or recovery against the Indemnifying Holders or any of their respective Affiliates for the recovery of Losses or otherwise under this Article VIII (it being acknowledged that indemnification for Tax related Losses shall be governed exclusively by Article VI hereof).

Section 8.07 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 8.08 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of the Indemnified Party's waiver of any condition set forth in Section 7.02 or Section 7.03, as the case may be.

Section 8.09 Exclusive Remedies. Except as provided in and subject to Section 9.12, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from Actual Fraud or criminal activity on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in Article VI and this Article VIII. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in Article VI and this Article VIII. Nothing in this Section 8.09 or this Article VIII shall limit any Person's right seek any remedy on account of any party's Actual Fraud or criminal activity.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Stockholder Representative

(a) By approving this Agreement and the transactions contemplated hereby or by executing and delivering a Letter of Transmittal or an Warrant Termination Agreement, each Indemnifying Holder shall have irrevocably authorized and appointed Stockholder Representative as such Person's representative and attorney-in-fact to act on behalf of such Person with respect to this Agreement and the Ancillary Documents, including the Escrow Agreement, and to take any and all actions and make any decisions required or permitted to be taken by the Stockholder Representative pursuant to this Agreement or the Ancillary Documents, including the Escrow Agreement, including the exercise of the power to:

(i) give and receive notices and communications;

(ii) authorize delivery to Parent of cash from the Purchase Price Adjustment Escrow Fund (or, if necessary, the Indemnification Escrow Fund) in satisfaction of any amounts owed to Parent pursuant to Section 2.18 or from the Indemnification Escrow Fund in satisfaction of claims for indemnification made by Parent pursuant to Article VI and Article VIII;

(iii) agree to, negotiate, enter into settlements and compromises of, and comply with orders of courts or otherwise handle any other matters described in Section 2.18;

(iv) agree to, negotiate, enter into settlements and compromises of, and comply with orders of courts with respect to claims for indemnification made by Parent pursuant to Article VI and Article VIII;

(v) litigate, arbitrate, resolve, settle or compromise any claim for indemnification pursuant to Article VI and Article VIII;

(vi) execute and deliver all documents necessary or desirable to carry out the intent of this Agreement and any Ancillary Document (including the Escrow Agreement);

(vii) make all elections or decisions contemplated by this Agreement and any Ancillary Document (including the Escrow Agreement);

(viii) engage, employ or appoint any agents or representatives (including attorneys, accountants and consultants) to assist the Stockholder Representative in complying with its duties and obligations; and

(ix) take all actions necessary or appropriate in the good faith judgment of Stockholder Representative for the accomplishment of the foregoing.

Parent shall be entitled to deal exclusively with the Stockholder Representative on all matters relating to this Agreement or the Ancillary Documents (including the Escrow Agreement) (including Article VIII) and shall be entitled to rely conclusively (without further evidence or inquiry of any kind whatsoever) on any document executed or purported to be executed on behalf of any Indemnifying Holder by the Stockholder Representative, and on any other action taken or purported to be taken on behalf of any Indemnifying Holder by the Stockholder Representative, as being fully binding upon such Person. Notices or communications to or from the Stockholder Representative shall constitute notice to or from each of the Indemnifying Holders. Any decision or action by the Stockholder Representative hereunder, including any agreement between the Stockholder Representative and Parent relating to the defense, payment or settlement of any claims for indemnification hereunder, shall constitute a decision or action of all Indemnifying Holders and shall be final, binding and conclusive upon each such Person. No Indemnifying Holder shall have the right to object to, dissent from, protest or otherwise contest the same. The provisions of this Section, including the power of attorney granted hereby, are independent and severable, are irrevocable and coupled with an interest and shall not be terminated by any act of any one or Stockholders or Optionholders, or by operation of Law, whether by death or other event.

(b) The Stockholder Representative may resign at any time, and may be removed for any reason or no reason by the vote or written consent of a majority in interest of the Indemnifying Holders according to each Indemnifying Holder's aggregate Pro Rata Share (the "**Majority Holders**"); *provided, however*, in no event shall the Stockholder Representative resign or be removed without the Majority Holders having first appointed a new Stockholder Representative who shall assume such duties immediately upon the resignation or removal of the Stockholder Representative. In the event of the death, incapacity, resignation or removal of the Stockholder Representative, a new Stockholder Representative shall be appointed by the vote or written consent of the Majority Holders. Notice of such vote or a copy of the written consent appointing such new Stockholder Representative shall be sent to Parent, such appointment to be effective upon the later of the date indicated in such consent or the date such notice is received by Parent; provided, that until such notice is received, Parent, Merger Sub and the Surviving Corporation shall be entitled to rely on the decisions and actions of the prior the Stockholder Representative as described in Section 9.01(a) above.

(c) The Stockholder Representative shall not be liable to the Indemnifying Holders for actions taken pursuant to this Agreement or the Escrow Agreement, except to the extent such actions shall have been determined by a court of competent jurisdiction to have constituted gross negligence or involved fraud, intentional misconduct or bad faith (it being understood that any act done or omitted pursuant to the advice of counsel, accountants and other professionals and experts retained by the Stockholder Representative shall be conclusive evidence of good faith). The Indemnifying Holders shall severally (in accordance with their Pro Rata Share and not jointly), indemnify, defend and hold harmless the Stockholder Representative from and against, compensate it for, reimburse it for and pay any and all losses, liabilities, claims, actions, damages and expenses, including reasonable attorneys' fees and disbursements, arising out of and in connection with its activities as the Stockholder Representative under this Agreement and the Ancillary Documents (including the Escrow Agreement) (the "**Representative Losses**"), in each case as such Representative Loss is suffered or incurred; *provided*, that in the event it is finally adjudicated that a Representative Loss or any portion thereof was primarily caused by the gross negligence, fraud, intentional misconduct or bad faith of the Stockholder Representative, the Stockholder Representative shall reimburse the Indemnifying Holders the amount of such indemnified Representative Loss attributable to such gross negligence, fraud, intentional misconduct or bad faith. The Representative Losses shall be satisfied: (i) from the Stockholder Representative Expense Fund; and (ii) to the extent the amount of the Representative Losses exceeds amounts available to the Stockholder Representative under (i), from the Indemnifying Holders, severally and not jointly (in accordance with their Pro Rata Share). As soon as practicable after the date on which the final obligation of Stockholder Representative under this Agreement and the Ancillary Documents (including the Escrow Agreement) have been discharged or such other date as the Stockholder Representative deems appropriate, the Stockholder Representative shall pay any amounts remaining in the Stockholder Representative Fund to as set forth in the Escrow Agreement. For U.S. federal income tax purposes, the Stockholder Representative Fund shall be deemed paid to the Indemnifying Holders on the Closing Date; *provided*, *however*, that any withholding in respect of such payments to a Indemnifying Holder shall be satisfied from other sources owing to such Indemnifying Holder on the Closing Date.

Section 9.02 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 9.03 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third (3rd) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.03):

If to the Company:	Magellan Biosciences, Inc. 101 Billerica Avenue, Building 4 North Billerica, MA 01862 Facsimile: 978 856-2335 E-mail: phg@ampersandcapital.com Attention: Peter H. Glick, Executive Chairman
with a required copy (which shall not constitute notice) on or prior to June 24, 2016 to:	Goodwin Procter LLP Exchange Place Boston, MA 02109 Facsimile: 617.523.1231 E-mail: jbarrett@goodwinprocter.com Attention: James T. Barrett
with a required copy (which shall not constitute notice) after June 24, 2016 to:	Goodwin Procter LLP 100 Northern Avenue Boston, MA 02210 Facsimile: 617.523.1231 E-mail: jbarrett@goodwinprocter.com Attention: James T. Barrett
If to Parent or Merger Sub:	Meridian Bioscience, Inc. 3471 River Hills Drive Cincinnati, OH 45244 Facsimile: 513-271.3762 E-mail:jackkraeutler@meridianbioscience.com Attention: John A. Kraeutler, Chief Executive Officer
with a required copy (which shall not constitute notice) to:	Keating Muething & Klekamp PLL Suite 1400 One East Fourth Street Cincinnati, OH 45202 Facsimile: 513.579.6457 E-mail: jjansing@kmklaw.com Attention: James M. Jansing, Partner
If to Stockholder Representative:	Dana L. Niles Ampersand Capital Partners Chief Financial Offer 55 William Street, Suite 240 Wellesley, MA 02481-4003 Telephone: 781-239-0700 Facsimile: 781-239-0824 E-mail: DLN@ampersandcapital.com
with a required copy (which shall not constitute notice) on or prior to June 24, 2016 to:	Goodwin Procter LLP Exchange Place Boston, MA 02109 Facsimile: 617.523.1231 E-mail: jbarrett@goodwinprocter.com Attention: James T. Barrett

with a required copy (which shall not constitute notice) after June 24, 2016 to:	Goodwin Procter LLP 100 Northern Avenue Boston, MA 02210 Facsimile: 617.523.1231 E-mail: jbarrett@goodwinprocter.com Attention: James T. Barrett
with a required copy (which shall not constitute notice) to:	J. David Jacobs Ampersand Capital Partners General Counsel 55 William Street, Suite 240 Wellesley, MA 02481-4003 Telephone: 781-239-0700 Facsimile: 781-239-0824 E-mail: JDJ@ampersandcapital.com

Section 9.04 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 9.05 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 9.06 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 9.07 Entire Agreement. This Agreement and the Ancillary Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the Ancillary Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 9.08 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may assign its rights or obligations hereunder without the prior written consent of each of the other parties hereto, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 9.09 No Third-party Beneficiaries. Except as provided in Section 5.03, Section 6.03 and Article VIII, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 9.10 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by Parent, Merger Sub and the Company at any time prior to the Effective Time; *provided, however*, that after the Requisite Company Vote is obtained, there shall be no amendment or waiver that, pursuant to applicable Law, requires further approval of the Stockholders, without the receipt of such further approvals including the approval of the Stockholder Representative. Any failure of Parent or Merger Sub, on the one hand, or the Company, on the other hand, to comply with any obligation, covenant, agreement or condition herein may be waived by the Company (with respect to any failure by Parent or Merger Sub) or by Parent or Merger Sub (with respect to any failure by the Company), respectively, only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 9.11 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction).

(b) ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY SHALL BE INSTITUTED AND MAINTAINED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF DELAWARE IN EACH CASE LOCATED IN THE COUNTY OF NEW CASTLE, DELAWARE, AND EACH PARTY

IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE ANCILLARY DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCESSING ARISING OUT OF OR BASED ON OR RELATING TO THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 9.11(c).

Section 9.12 Specific Performance. Notwithstanding Section 8.09, the parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and mandating injunctive relief and that the parties shall be entitled to seek specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 9.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 9.14 Waiver of Conflicts; Privilege.

(a) Each of the Parties acknowledges and agrees that Goodwin Procter LLP ("**Goodwin**") has acted as counsel to the Company, the Company's Subsidiaries, the Stockholder Representative and the Company Equityholders in connection with the negotiation of this Agreement and consummation of the transactions contemplated hereby.

(b) Parent hereby consents and agrees to, and agrees to cause Surviving Corporation and its Subsidiaries to consent and agree to, Goodwin representing the Stockholder Representative after the Closing, including with respect to disputes in which the interests of the Stockholder Representative may be directly adverse to Parent and its Subsidiaries (including the Surviving Corporation and its Subsidiaries), and even though Goodwin may have represented the Company and its Subsidiaries in a matter substantially related to any such dispute, or may be handling ongoing matters for the Company and its Subsidiaries. Parent further consents and agrees to, and agrees to cause the Surviving Corporation and its Subsidiaries to consent and agree to, the communication by Goodwin to the Stockholder Representative in connection with any such representation of any fact known to Goodwin arising by reason of Goodwin's prior representation of the Company and its Subsidiaries prior to the Closing.

(c) In connection with the foregoing, Parent hereby irrevocably waives and agrees not to assert, and agrees to cause the Surviving Corporation and its Subsidiaries to irrevocably waive and not to assert, any conflict of interest arising from or in connection with (i) Goodwin's prior representation of the Company and its Subsidiaries and (ii) Goodwin's representation of the Stockholder Representative prior to and after the Closing.

(d) Parent further agrees, on behalf of itself and, after the Closing, on behalf of the Surviving Corporation and its Subsidiaries, that all communications in any form or format whatsoever between or among Goodwin, and/or any other legal counsel to the Company and its Subsidiaries (including, in-house legal counsel) (each a "**Counsel**"), on the one hand, and the Company and its Subsidiaries and the Stockholder Representative, or any of their respective directors, officers, employees or other representatives, on the other hand, solely to the extent the same directly relate to the negotiation, documentation and consummation of the transactions contemplated by this Agreement or any dispute arising under this Agreement (collectively, the "**Privileged Communications**") shall be deemed to be attorney-client privileged and that the Privileged Communications and the expectation of client confidence relating thereto belong solely to the Stockholder Representative, shall be controlled by the Stockholder Representative on behalf of the Company Equityholders and shall not pass to or be claimed by Parent, the Surviving Corporation or any of its Subsidiaries.

(e) Notwithstanding the foregoing, in the event that a dispute arises between Parent, the Surviving Corporation or any of its Subsidiaries, on the one hand, and a third party other than the Stockholder Representative, on the other hand, Parent, the Surviving Corporation or its Subsidiaries may assert the attorney-client privilege to prevent the disclosure of the Privileged Communications to such third party; *provided*, *however*, that none of Parent, the Surviving Corporation or any of its Subsidiaries may waive such privilege without the prior written consent of the Stockholder Representative. In the event that Parent, the Surviving Corporation or its Subsidiaries is legally required by governmental order or otherwise to access or obtain a copy of all or a portion of the Privileged Communications, Parent shall promptly (and, in any event, within two (2) Business Days) notify the Stockholder Representative in writing (including by making specific reference to this Section 9.14(e)) so that the Stockholder Representative can seek a protective order and Parent agrees to use all commercially reasonable efforts to assist therewith.

(f) Except as expressly set forth herein, to the extent that files or other materials maintained by applicable Counsel constitute property of its clients, only the Stockholder Representative shall hold such property rights and applicable Counsel shall have no duty to reveal or disclose any such files or other materials or any Privileged Communications by reason of any attorney-client relationship between applicable Counsel, on the one hand, and Parent, the Company or its Subsidiaries, on the other hand.

(g) Parent agrees that it will not, and that it will cause the Surviving Corporation and its Subsidiaries not to, (i) access or use the Privileged Communications, including by way of review of any electronic data, communications or other information without first obtaining the Stockholder Representative's waiver of the attorney-client or other privilege, (ii) assert that Parent, the Company or any Subsidiary thereof has the right to waive the attorney-client or other privilege or (iii) seek to obtain the Privileged Communications from applicable Counsel without first obtaining the Stockholder Representative's waiver of the attorney-client or other privilege.

[SIGNATURE PAGE FOLLOWS]

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

MERIDIAN BIOSCIENCE, INC.

By /s/ John A. Kraeutler
Name: John A. Kraeutler
Title: Chief Executive Officer

MARINER MERGER SUB, INC.

By /s/ John A. Kraeutler
Name: John A. Kraeutler
Title: Chief Executive Officer

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

MAGELLAN BIOSCIENCES, INC.

By /s/ Peter H. Glick
Name: Peter H. Glick
Title: Executive Chairman and President

AMPERSAND 2006 LIMITED PARTNERS, solely in its capacity as Stockholder Representative for the purposes of Section 2.16, Section 2.18, Section 6.04, Section 6.06, Section 6.07, Section 6.13, Section 6.14, Section 8.05 and Section 9.01

By: AMP-06 Management Company
Limited Partners, its General Partner

By: AMP-06 MC LLC, its General Partner

By /s/ Herbert H. Hooper
Name: Herbert H. Hooper
Title: Principal Managing Member

Exhibit 10.2

TERM NOTE

Cincinnati, Ohio
$60,000,000 Dated: March 22, 2016

Meridian Bioscience, Inc., an Ohio corporation, **Meridian Bioscience Corporation** an Ohio corporation ("Corp."), **Omega Technologies, Inc.,** an Ohio corporation ("Omega"), **Meridian Life Science, Inc.,** a Maine corporation and **Bioline USA, Inc.**., a Massachusetts corporation ("Bio") (collectively and jointly and severally the "Borrowers" and individually a "Borrower"), for value received, hereby promises to pay to the order of **FIFTH THIRD BANK**, an Ohio banking corporation (the "Bank") at its offices, 38 Fountain Square Plaza, Cincinnati, Ohio 45263, in lawful money of the United States of America and in immediately available funds, the principal sum of $60,000,000 or such lesser unpaid principal amount as may be advanced by the Bank as a Term Loan pursuant to the terms of the Loan and Security Agreement dated August 1, 2007 by and among the Borrowers and the Bank, as same may be amended from time to time (the "Agreement"). This Note shall mature and be payable in full on March 31, 2021, or such later date as may be determined and agreed upon between Bank and Borrowers pursuant to the Agreement.

The outstanding principal balance of this Note shall be payable as set forth on attached Schedule A. The principal balance hereof outstanding from time to time shall bear interest as set forth in the Agreement. Interest will be calculated based on a 360-day year and charged for the actual number of days elapsed, and will be payable as set forth in the Agreement. After the occurrence of an Event of Default, this Note shall bear interest (computed and adjusted in the same manner, and with the same effect, as interest hereon prior to maturity), payable on demand, at a rate per annum equal to six percent (6%) above the rate that would otherwise be in effect, until paid, and whether before or after the entry of judgment hereon.

The principal amount of each loan made by the Bank and the amount of each prepayment made by the Borrowers shall be recorded by the Bank on the schedule attached hereto or in the regularly maintained data processing records of the Bank. The aggregate unpaid principal amount of all loans set forth in such schedule or in such records shall be presumptive evidence of the principal amount owing and unpaid on this Note. However, failure by Bank to make any such entry shall not limit or otherwise affect Borrowers' obligations under this Note or the Agreement.

This Note is the Term Note referred to in the Agreement, and is entitled to the benefits, and is subject to the terms, of the Agreement. The principal of this Note is prepayable in the amounts and under the circumstances, and its maturity is subject to acceleration upon the terms, set forth in the Agreement. Except as otherwise expressly provided in the Agreement, if any payment on this Note becomes due and payable on a day other than one on which Bank is open for business (a "Business Day"), the maturity thereof shall be extended to the next Business Day, and interest shall be payable at the rate specified herein during such extension period.

In no event shall the interest rate on this Note exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that a court determines that Bank has received interest and other charges under this Note in excess of the highest permissible rate applicable hereto, such excess shall be deemed received on account of, and shall automatically be applied to reduce the amounts due to Bank from the Borrowers under this Note, other than interest, and the provisions hereof shall be deemed amended to provide for the highest permissible rate. If there are no such amounts outstanding, Bank shall refund to Borrowers such excess.

Borrowers and all endorsers, sureties, guarantors and other persons liable on this Note hereby waive presentment for payment, demand, notice of dishonor, protest, notice of protest and all other demands and notices in connection with the delivery, performance and enforcement of this Note, and consent to one or more renewals or extensions of this Note.

This Note may not be changed orally, but only by an instrument in writing.

This Note is being delivered in, is intended to be performed in, shall be construed and enforceable in accordance with, and be governed by the internal laws of, the State of Ohio without regard to principles of conflict of laws. Borrowers agree that the State and federal courts in Hamilton County, Ohio or any other court in which Bank initiates proceedings have exclusive jurisdiction over all matters arising out of this Note, and that service of process in any such proceeding shall be effective if mailed to Borrowers at their address described in the Notices section of the Agreement. **BORROWERS HEREBY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS NOTE.**

MERIDIAN BIOSCIENCE CORPORATION

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

MERIDIAN BIOSCIENCE, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, Executive Vice President, CFO & Secretary

OMEGA TECHNOLOGIES, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

MERIDIAN LIFE SCIENCE, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

BIOLINE USA, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

Schedule A
Meridian Bioscience, Inc.
Principal Payment Schedule

Payment Date	Principal Payment
06/30/2016	$750,000
09/30/2016	$750,000
12/30/2016	$750,000
03/31/2017	$750,000
06/30/2017	$1,125,000
09/29/2017	$1,125,000
12/29/2017	$1,125,000
03/29/2018	$1,125,000
06/29/2018	$1,125,000
09/28/2018	$1,125,000
12/31/2018	$1,125,000
03/29/2019	$1,125,000
06/28/2019	$1,500,000
09/30/2019	$1,500,000
12/31/2019	$1,500,000
03/31/2020	$1,500,000
06/30/2020	$1,500,000
09/30/2020	$1,500,000
12/31/2020	$1,500,000
03/31/2021	remaining principal balance

Exhibit 10.3

REVOLVING NOTE

Cincinnati, Ohio
$30,000,000 Dated: August 1, 2007
Restated: March 22, 2016

Meridian Bioscience, Inc., an Ohio corporation, **Meridian Bioscience Corporation** an Ohio corporation ("Corp."), **Omega Technologies, Inc.,** an Ohio corporation ("Omega"), **Meridian Life Science, Inc.,** a Maine corporation and **Bioline USA, Inc.**., a Massachusetts corporation ("Bio") (collectively and jointly and severally the "Borrowers" and individually a "Borrower"), for value received, hereby promises to pay to the order of **FIFTH THIRD BANK**, an Ohio banking corporation (the "Bank") at its offices, 38 Fountain Square Plaza, Cincinnati, Ohio 45263, in lawful money of the United States of America and in immediately available funds, the principal sum of $30,000,000 or such lesser unpaid principal amount as may be advanced by the Bank as Revolving Loans pursuant to the terms of the Loan and Security Agreement dated August 1, 2007 by and among the Borrowers and the Bank, as same may be amended from time to time (the "Agreement"). This Note shall mature and be payable in full on March 31, 2021, or such later date as may be determined and agreed upon between Bank and Borrowers pursuant to the Agreement.

The principal balance hereof outstanding from time to time shall bear interest as set forth in the Agreement. Interest will be calculated based on a 360-day year and charged for the actual number of days elapsed, and will be payable as set forth in the Agreement. After the occurrence of an Event of Default, this Note shall bear interest (computed and adjusted in the same manner, and with the same effect, as interest hereon prior to maturity), payable on demand, at a rate per annum equal to six percent (6%) above the rate that would otherwise be in effect, until paid, and whether before or after the entry of judgment hereon.

The principal amount of each loan made by the Bank and the amount of each prepayment made by the Borrowers shall be recorded by the Bank on the schedule attached hereto or in the regularly maintained data processing records of the Bank. The aggregate unpaid principal amount of all loans set forth in such schedule or in such records shall be presumptive evidence of the principal amount owing and unpaid on this Note. However, failure by Bank to make any such entry shall not limit or otherwise affect Borrowers' obligations under this Note or the Agreement.

This Note is the Revolving Note referred to in the Agreement, and is entitled to the benefits, and is subject to the terms, of the Agreement. The principal of this Note is prepayable in the amounts and under the circumstances, and its maturity is subject to acceleration upon the terms, set forth in the Agreement. Except as otherwise expressly provided in the Agreement, if any payment on this Note becomes due and payable on a day other than one on which Bank is open for business (a "Business Day"), the maturity thereof shall be extended to the next Business Day, and interest shall be payable at the rate specified herein during such extension period.

This Note is issued, not as a payment toward, but as a continuation of, the obligations of Borrowers to Bank pursuant to that certain Revolving Note dated August 1, 2007, in the principal amount of $30,000,000 (together with all prior amendments thereto or restatements thereof the "Prior Note"). Accordingly, this Note shall not be construed as a novation or extinguishment of, the obligations arising under the Prior Note, and its issuance shall not affect the priority of any security interest granted in connection with the Prior Note.

In no event shall the interest rate on this Note exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that a court determines that Bank has received interest and other charges under this Note in excess of the

highest permissible rate applicable hereto, such excess shall be deemed received on account of, and shall automatically be applied to reduce the amounts due to Bank from the Borrowers under this Note, other than interest, and the provisions hereof shall be deemed amended to provide for the highest permissible rate. If there are no such amounts outstanding, Bank shall refund to Borrowers such excess.

Borrowers and all endorsers, sureties, guarantors and other persons liable on this Note hereby waive presentment for payment, demand, notice of dishonor, protest, notice of protest and all other demands and notices in connection with the delivery, performance and enforcement of this Note, and consent to one or more renewals or extensions of this Note.

This Note may not be changed orally, but only by an instrument in writing.

This Note is being delivered in, is intended to be performed in, shall be construed and enforceable in accordance with, and be governed by the internal laws of, the State of Ohio without regard to principles of conflict of laws. Borrowers agree that the State and federal courts in Hamilton County, Ohio or any other court in which Bank initiates proceedings have exclusive jurisdiction over all matters arising out of this Note, and that service of process in any such proceeding shall be effective if mailed to Borrowers at their address described in the Notices section of the Agreement. **BORROWERS HEREBY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS NOTE.**

MERIDIAN BIOSCIENCE CORPORATION

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

MERIDIAN BIOSCIENCE, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, Executive Vice President, CFO & Secretary

OMEGA TECHNOLOGIES, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

MERIDIAN LIFE SCIENCE, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

BIOLINE USA, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

Exhibit 10.4

SIXTH AMENDMENT TO
LOAN AND SECURITY AGREEMENT

This Sixth Amendment to Loan and Security Agreement (the "Amendment") is entered into as of March 22, 2016, by and among **Fifth Third Bank**, an Ohio banking corporation (the "Bank") and **Meridian Bioscience, Inc.**, an Ohio corporation ("Parent" or "Agent"), **Meridian Bioscience Corporation**, an Ohio corporation ("Corp."), **Omega Technologies, Inc.**, an Ohio corporation ("Omega"), **Meridian Life Science, Inc.**, a Maine corporation ("MLS") and **Bioline USA, Inc.**, a Massachusetts corporation ("Bio") (collectively, the "Borrowers" and individually a "Borrower").

WHEREAS, Bank and Borrowers (except Bio) entered into that certain Loan and Security Agreement, dated as of August 1, 2007, as amended from time to time (the "Agreement"); Bio became a party to the Agreement by an amendment to the Agreement dated December 14, 2012;

WHEREAS, Bank and Borrowers wish to amend the Agreement to modify certain provisions of the Agreement.

NOW THEREFORE, intending to be legally bound, the parties hereto agree as follows:

1. The following terms contained in Section 1.1 of the Agreement are hereby amended and restated to read as follows:

"Business Day" or "Banking Day" means any day other than a Saturday, Sunday, federal holiday or other day on which the New York Stock Exchange is regularly closed. (i) with respect to all notices and determinations in connection with the LIBOR Rate, any day (other than a Saturday or Sunday) on which commercial banks are open in London, England, New York, New York, and Cincinnati, Ohio for dealings in deposits in the London Interbank Market; and (ii) in all other cases, any day on which commercial banks in Cincinnati, Ohio are required by law to be open for business; provided that, notwithstanding anything to the contrary in this definition of "Business Day", at any time during which a Rate Management Agreement with Bank is then in effect with respect to all or a portion of this Note, then the definitions of "Business Day" and "Banking Day", as applicable, pursuant to such Rate Management Agreement shall govern with respect to all applicable notices and determinations in connection with such portion of this Agreement and the Notes that are subject to such Rate Management Agreement.

"LIBOR Rate" means the rate of interest (rounded upwards, if necessary, to the next 1/16th of 1% and adjusted for reserves if Bank is required to maintain reserves with respect to relevant advances) fixed by the ICE Benchmark Administration Limited (or any successor thereto, or replacement thereof, as approved by Bank, each an "Alternate LIBOR Source") at approximately 11:00 a.m., London time (or at the relevant time established by an Alternate LIBOR Source or by Bank), two London Banking Days preceding the effective date of such LIBOR Rate, relating to quotations for one-month London InterBank Offered Rates on U.S. Dollar deposits as published on Bloomberg LP (or any successor thereto, or replacement thereof, as approved by Bank, each an "Approved Bloomberg Successor"), all as determined by Bank in accordance with this Agreement

and the Revolving Note. If the LIBOR Rate is no longer displayed on Bloomberg LP (or any Approved Bloomberg Successor), the LIBOR Rate shall be determined in good faith by Bank from such other sources as it shall determine to be comparable to Bloomberg LP (or any Approved Bloomberg Successor). Each determination by Bank of the LIBOR Rate shall be final, binding and conclusive in the absence of manifest error. The Interest Rate shall initially be determined as of the date of the initial advance of funds to Borrower and shall be adjusted automatically on the last day of each month thereafter.

"Loans" means the Revolving Loans, the Term Loan and any other loans from time to time between Bank and any Borrower relating to the Obligations.

"Notes" shall refer collectively to the Revolving Note, the Term Note and any note entered into from time to time by any Borrower in favor of Bank to evidence an Obligation.

2. Section 2.1(d) of the Agreement is hereby amended and restated in its entirety to read as follows:

(d) The Facility shall expire on March 31, 2021, and the entire outstanding principal balance of the Revolving Note, and all accrued interest, shall become due and payable not later than that date. Borrowers may prepay the principal balance of the Revolving Note in whole or part at any time. Until all Obligations have been fully repaid and this Agreement has terminated, Bank shall retain its security interest in all Collateral then existing or arising thereafter.

3. A new Section 2.1(e) is hereby added to the Agreement to read as follows:

(e) Borrowers will pay to Bank an unused fee (the "Unused Fee") until termination of the Revolving Note, computed at the rate of 0.25% per annum, on the average daily difference between (i) the outstanding amount of the Revolving Note and (ii) the committed amount of the Revolving Note. The Unused Fee shall be payable quarterly in arrears, on the first day of each January, April, July and October and upon the maturity date of the Revolving Note and/or the date the Revolving Note is terminated.

4. The first sentence of Section 2.2 (b) of the Agreement is hereby amended and restated to read as follows:

(b) Interest on the outstanding principal amount of the Loans is payable in arrears on the last day of each calendar quarter, commencing June 30, 2016.

5. A new Section 2.2(g) is hereby added to the Agreement to read as follows:

(g) Any time during which a Rate Management Agreement is then in effect with respect to this Agreement and any of the Notes, the provisions contained which round up the interest rate to the nearest 1/8th or 1/16th shall be disregarded and no longer of any force and effect, notwithstanding anything to the contrary contained in this Agreement or any of the

Note. These "round up" provisions appear as a parenthetical as follows: (rounded upwards, if necessary to the next 1/8th of 1%) or (rounded upwards, if necessary to the next 1/16th of 1%).

6. Section 2.3(a) is hereby amended and restates in its entirety to read as follows:

(a) The Applicable LIBOR Margin expressed as a percentage, in effect on any date shall be determined based on the ratio of Total Funded Debt to EBITDA of Borrowers (which shall be determined pursuant to clause (c) of this paragraph), as follows:

Applicable Margin	Level I Status Funded Debt/EBITDA ≤0.50:1.00	Level II Status Funded Debt/EBITDA >0.50:1.0 and ≤1.50:1.0	Level II Status Funded Debt/EBITDA >1.50:1.00 and ≤2.25:1.00	Level III Status Funded Debt/EBITDA >2.25:1.00 and <3.00:1.00
Libor Margin	+1.25%	+01.50%	+1.75%	+2.0%

7. A new Section 2.11 is hereby added to the Agreement to read as follows:

2.11 Term Loan. (a) Bank agrees, subject to the terms and conditions hereinafter set forth, to make a term loan (the "Term Loan") to Borrowers on the date of the Sixth Amendment to this Agreement in the maximum principal amount of $60,000,000. On the execution date of the Sixth Amendment to this Agreement, Borrower will duly issue and deliver to Bank a Term Note in the form of attached Exhibit 2.11 (the "Term Note") in the principal amount of $60,000,000 bearing interest as specified in Section 2.2 of this Agreement. The outstanding principal balance of the Term Note shall become due and payable as provided for in the Term Note.

(b) Borrowers shall pay to Bank on the effective date of the Term Note, a one-time commitment fee equal to 0.25% of the principal amount of the Term Note.

(c) Proceeds of the Term Note will be used to provide partial funding of the acquisition of Magellan Bioscience. Bank shall have no obligation to advance funds under the Term Loan unless the following statements shall be true and correct:

(i) Each of the representations and warranties contained herein and in the Loan Documents shall be correct in all material respects;

(ii) No event shall have occurred and be continuing which constitutes an Event of Default, or would constitute an Event of Default but for the requirement that notice be given or lapse of time or both; and

(iii) The acceptance by Borrowers of the proceeds of the Term Loan shall be deemed to constitute a representation and warranty by Borrowers that the conditions in this Section of the Agreement, other than those that have been waived in writing by Bank, have been satisfied.

8. Section 4.1(c) of the Agreement is hereby amended and restated in its entirety to read as follows:

(c) With the statements submitted under (a) and (b) above (being on a quarterly and an annual basis) and within 45 days after the end of each fiscal year, a compliance certificate signed by the principal financial officer of the Agent, (i) stating he is familiar with this Agreement and the other Loan Documents and that no Default or Event of Default has occurred, or if any such condition or event existed or exists, specifying it and describing what action the Borrower has taken or proposes to take with respect thereto, and (ii) setting forth, in summary form, figures showing the financial status of the Borrowers in respect of the financial covenants and restrictions contained in this Agreement;

9. Section 5.15 of the Agreement, which was previously deleted from the Agreement, is hereby reinstated and amended and restated in its entirety to read as follows:

5.15 Fixed Charge Coverage Ratio. At the end of each fiscal quarter, commencing with the fiscal quarter ending March 31, 2016, Borrowers shall maintain a Fixed Charge Coverage Ratio of at least 1.15:1.0. "Fixed Charge Coverage Ratio" means the ratio of (a) EBITDA for a given measurement period minus the sum of (i) unfunded capital expenditures, (ii) income taxes paid in cash and (iii) distributions and other dividend paid in cash plus all one-time, non-recurring expenses related to the acquisition of Magellan Bioscience to (b) the sum of (i) interest expense (including the interest portion of any lease which is capitalized under GAAP) payable in cash plus (ii) all principal payments on Funded Indebtedness that were paid by Borrowers during the measurement period.

10. Section 5.16 (Tangible Net Worth) of the Agreement is hereby deleted from the Agreement as of the quarter ending March 31, 2016.

11. Representations, Warranties and Covenants of Borrowers. To induce Bank to enter into this Amendment, Borrowers represent and warrant as follows:

(a) No Event of Default (as such term is defined in Section 8 of the Agreement) or event or condition which, with the lapse of time or giving of notice or both, would constitute an Event of Default exists on the date hereof.

(b) The person executing this Amendment is a duly elected and acting officer of each Borrower and is duly authorized by the Board of Directors of such Borrower to execute and deliver this Amendment on behalf of such Borrower.

12. Conditions. Bank's obligations under this Amendment are subject to the following conditions:

(a) Borrowers shall execute and deliver to Bank this Amendment, the Amended and Restated Revolving Note attached to this Amendment as Exhibit 2.1(c), the Term Note attached as Exhibit 2.11, and all other documents listed on the Bank's List of Documents for this Amendment.

(b) The representations and warranties of Borrowers in Section 3 hereof shall be true and correct on the date of execution of this Amendment.

(c) Borrowers shall pay to the Bank all expenses and attorneys' fees incurred by Bank in connection with the preparation, execution and delivery of this Amendment and related documents.

13. General.

(a) Except as expressly modified hereby, the Agreement remains unaltered and in full force and effect. Borrowers acknowledge that Bank has made no oral representations to Borrowers with respect to the Agreement and this Amendment thereto and that all prior understandings between the parties are merged into the Agreement as amended by this writing. All Loans outstanding on the date of execution of this Amendment shall be considered for all purposes to be Loans outstanding under the Agreement as amended by this Amendment.

(b) Capitalized terms used and not otherwise defined herein will have the meanings set forth in the Agreement.

(c) Nothing contained herein will be construed as waiving any default or Event of Default under the Agreement or will affect or impair any right, power or remedy of the Bank under or with respect to the Loans, the Agreement, or any other agreement or instrument guaranteeing, securing or otherwise relating to the Loans.

(d) This Amendment shall be considered an integral part of the Agreement, and all references to the Agreement in the Agreement itself or any document referring thereto shall, on and after the date of execution of this Amendment, be deemed to be references to the Agreement as amended by this Amendment.

(e) This Amendment will be binding upon and inure to the benefit of Borrowers and Bank and their respective successors and assigns.

(f) All representations, warranties and covenants made by Borrowers herein will survive the execution and delivery of this Amendment.

(g) This Amendment will, in all respects, be governed and construed in accordance with the laws of the State of Ohio.

(h) This Amendment may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, Borrowers and Bank have executed this Agreement by their duly authorized officers as of the date first above written.

MERIDIAN BIOSCIENCE CORPORATION

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

MERIDIAN BIOSCIENCE, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, Executive Vice President, CFO & Secretary

OMEGA TECHNOLOGIES, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

MERIDIAN LIFE SCIENCE, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

FIFTH THIRD BANK

By: /s/ Drew Hollenkamp
Drew Hollenkamp, Vice President

BIOLINE USA, INC.

By: /s/ Melissa A. Lueke
Melissa A. Lueke, CFO & Secretary

EXHIBIT 2.1(c)
REVOLVING NOTE

Cincinnati, Ohio
$30,000,000 Dated: August 1, 2007
Restated: March 22, 2016

Meridian Bioscience, Inc., an Ohio corporation, **Meridian Bioscience Corporation** an Ohio corporation ("Corp."), **Omega Technologies, Inc.,** an Ohio corporation ("Omega"), **Meridian Life Science, Inc.,** a Maine corporation and **Bioline USA, Inc.**., a Massachusetts corporation ("Bio") (collectively and jointly and severally the "Borrowers" and individually a "Borrower"), for value received, hereby promises to pay to the order of **FIFTH THIRD BANK**, an Ohio banking corporation (the "Bank") at its offices, 38 Fountain Square Plaza, Cincinnati, Ohio 45263, in lawful money of the United States of America and in immediately available funds, the principal sum of $30,000,000 or such lesser unpaid principal amount as may be advanced by the Bank as Revolving Loans pursuant to the terms of the Loan and Security Agreement dated August 1, 2007 by and among the Borrowers and the Bank, as same may be amended from time to time (the "Agreement"). This Note shall mature and be payable in full on March 31, 2021, or such later date as may be determined and agreed upon between Bank and Borrowers pursuant to the Agreement.

The principal balance hereof outstanding from time to time shall bear interest as set forth in the Agreement. Interest will be calculated based on a 360-day year and charged for the actual number of days elapsed, and will be payable as set forth in the Agreement. After the occurrence of an Event of Default, this Note shall bear interest (computed and adjusted in the same manner, and with the same effect, as interest hereon prior to maturity), payable on demand, at a rate per annum equal to six percent (6%) above the rate that would otherwise be in effect, until paid, and whether before or after the entry of judgment hereon.

The principal amount of each loan made by the Bank and the amount of each prepayment made by the Borrowers shall be recorded by the Bank on the schedule attached hereto or in the regularly maintained data processing records of the Bank. The aggregate unpaid principal amount of all loans set forth in such schedule or in such records shall be presumptive evidence of the principal amount owing and unpaid on this Note. However, failure by Bank to make any such entry shall not limit or otherwise affect Borrowers' obligations under this Note or the Agreement.

This Note is the Revolving Note referred to in the Agreement, and is entitled to the benefits, and is subject to the terms, of the Agreement. The principal of this Note is prepayable in the amounts and under the circumstances, and its maturity is subject to acceleration upon the terms, set forth in the Agreement. Except as otherwise expressly provided in the Agreement, if any payment on this Note becomes due and payable on a day other than one on which Bank is open for business (a "Business Day"), the maturity thereof shall be extended to the next Business Day, and interest shall be payable at the rate specified herein during such extension period.

This Note is issued, not as a payment toward, but as a continuation of, the obligations of Borrowers to Bank pursuant to that certain Revolving Note dated August 1, 2007, in the principal amount of $30,000,000 (together with all prior amendments thereto or restatements thereof the "Prior Note"). Accordingly, this Note shall not be construed as a novation or extinguishment of, the obligations arising under the Prior Note, and its issuance shall not affect the priority of any security interest granted in connection with the Prior Note.

In no event shall the interest rate on this Note exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that a court determines that Bank has received interest and other charges under this Note in excess of the highest permissible rate applicable hereto, such excess shall be deemed received on account of, and shall automatically be applied to reduce the amounts due to Bank from the Borrowers under this Note, other than interest, and the provisions hereof shall be deemed amended to provide for the highest permissible rate. If there are no such amounts outstanding, Bank shall refund to Borrowers such excess.

Borrowers and all endorsers, sureties, guarantors and other persons liable on this Note hereby waive presentment for payment, demand, notice of dishonor, protest, notice of protest and all other demands and notices in connection with the delivery, performance and enforcement of this Note, and consent to one or more renewals or extensions of this Note.

This Note may not be changed orally, but only by an instrument in writing.

This Note is being delivered in, is intended to be performed in, shall be construed and enforceable in accordance with, and be governed by the internal laws of, the State of Ohio without regard to principles of conflict of laws. Borrowers agree that the State and federal courts in Hamilton County, Ohio or any other court in which Bank initiates proceedings have exclusive jurisdiction over all matters arising out of this Note, and that service of process in any such proceeding shall be effective if mailed to Borrowers at their address described in the Notices section of the Agreement. **BORROWERS HEREBY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS NOTE.**

MERIDIAN BIOSCIENCE CORPORATION

By: _____
Melissa A. Lueke, CFO & Secretary

MERIDIAN BIOSCIENCE, INC.

By: _____
Melissa A. Lueke, Executive Vice President, CFO & Secretary

OMEGA TECHNOLOGIES, INC.

By: _____
Melissa A. Lueke, CFO & Secretary

MERIDIAN LIFE SCIENCE, INC.

By: _____
Melissa A. Lueke, CFO & Secretary

BIOLINE USA, INC.

By: _____
Melissa A. Lueke, CFO & Secretary

EXHIBIT 2.11
TERM NOTE

Cincinnati, Ohio
$60,000,000 Dated: March 22, 2016

Meridian Bioscience, Inc., an Ohio corporation, **Meridian Bioscience Corporation** an Ohio corporation ("Corp."), **Omega Technologies, Inc.,** an Ohio corporation ("Omega"), **Meridian Life Science, Inc.,** a Maine corporation and **Bioline USA, Inc.**., a Massachusetts corporation ("Bio") (collectively and jointly and severally the "Borrowers" and individually a "Borrower"), for value received, hereby promises to pay to the order of **FIFTH THIRD BANK**, an Ohio banking corporation (the "Bank") at its offices, 38 Fountain Square Plaza, Cincinnati, Ohio 45263, in lawful money of the United States of America and in immediately available funds, the principal sum of $60,000,000 or such lesser unpaid principal amount as may be advanced by the Bank as a Term Loan pursuant to the terms of the Loan and Security Agreement dated August 1, 2007 by and among the Borrowers and the Bank, as same may be amended from time to time (the "Agreement"). This Note shall mature and be payable in full on March 31, 2021, or such later date as may be determined and agreed upon between Bank and Borrowers pursuant to the Agreement.

The outstanding principal balance of this Note shall be payable as set forth on attached Schedule A. The principal balance hereof outstanding from time to time shall bear interest as set forth in the Agreement. Interest will be calculated based on a 360-day year and charged for the actual number of days elapsed, and will be payable as set forth in the Agreement. After the occurrence of an Event of Default, this Note shall bear interest (computed and adjusted in the same manner, and with the same effect, as interest hereon prior to maturity), payable on demand, at a rate per annum equal to six percent (6%) above the rate that would otherwise be in effect, until paid, and whether before or after the entry of judgment hereon.

The principal amount of each loan made by the Bank and the amount of each prepayment made by the Borrowers shall be recorded by the Bank on the schedule attached hereto or in the regularly maintained data processing records of the Bank. The aggregate unpaid principal amount of all loans set forth in such schedule or in such records shall be presumptive evidence of the principal amount owing and unpaid on this Note. However, failure by Bank to make any such entry shall not limit or otherwise affect Borrowers' obligations under this Note or the Agreement.

This Note is the Term Note referred to in the Agreement, and is entitled to the benefits, and is subject to the terms, of the Agreement. The principal of this Note is prepayable in the amounts and under the circumstances, and its maturity is subject to acceleration upon the terms, set forth in the Agreement. Except as otherwise expressly provided in the Agreement, if any payment on this Note becomes due and payable on a day other than one on which Bank is open for business (a "Business Day"), the maturity thereof shall be extended to the next Business Day, and interest shall be payable at the rate specified herein during such extension period.

In no event shall the interest rate on this Note exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that a court determines that Bank has received interest and other charges under this Note in excess of the highest permissible rate applicable hereto, such excess shall be deemed received on account of, and shall automatically be applied to reduce the amounts due to Bank from the Borrowers under this Note, other than interest, and the provisions hereof shall be deemed amended to provide for the highest permissible rate. If there are no such amounts outstanding, Bank shall refund to Borrowers such excess.

Borrowers and all endorsers, sureties, guarantors and other persons liable on this Note hereby waive presentment for payment, demand, notice of dishonor, protest, notice of protest and all other demands and notices in connection with the delivery, performance and enforcement of this Note, and consent to one or more renewals or extensions of this Note.

This Note may not be changed orally, but only by an instrument in writing.

This Note is being delivered in, is intended to be performed in, shall be construed and enforceable in accordance with, and be governed by the internal laws of, the State of Ohio without regard to principles of conflict of laws. Borrowers agree that the State and federal courts in Hamilton County, Ohio or any other court in which Bank initiates proceedings have exclusive jurisdiction over all matters arising out of this Note, and that service of process in any such proceeding shall be effective if mailed to Borrowers at their address described in the Notices section of the Agreement. **BORROWERS HEREBY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS NOTE.**

MERIDIAN BIOSCIENCE CORPORATION

By: _____
Melissa A. Lueke, CFO & Secretary

MERIDIAN BIOSCIENCE, INC.

By: _____
Melissa A. Lueke, Executive Vice President, CFO & Secretary

OMEGA TECHNOLOGIES, INC.

By: _____
Melissa A. Lueke, CFO & Secretary

MERIDIAN LIFE SCIENCE, INC.

By: _____
Melissa A. Lueke, CFO & Secretary

BIOLINE USA, INC.

By: _____
Melissa A. Lueke, CFO & Secretary

Schedule A
Meridian Bioscience, Inc.
Principal Payment Schedule for $60,000,000

Payment Date	Principal Payment
06/30/2016	$750,000
09/30/2016	$750,000
12/30/2016	$750,000
03/31/2017	$750,000
06/30/2017	$1,125,000
09/29/2017	$1,125,000
12/29/2017	$1,125,000
03/29/2018	$1,125,000
06/29/2018	$1,125,000
09/28/2018	$1,125,000
12/31/2018	$1,125,000
03/29/2019	$1,125,000
06/28/2019	$1,500,000
09/30/2019	$1,500,000
12/31/2019	$1,500,000
03/31/2020	$1,500,000
06/30/2020	$1,500,000
09/30/2020	$1,500,000
12/31/2020	$1,500,000
03/31/2021	remaining principal balance

Exhibit 10.5

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into this 21st day of March, 2016, between MERIDIAN BIOSCIENCE, INC., an Ohio corporation having its principal place of business in Cincinnati, OH (the "Company") and AMY WINSLOW (the "Executive").

RECITALS

WHEREAS, Company intends to acquire Magellan Biosciences, Inc., a Delaware corporation ("Magellan") through a merger transaction (the "Transaction");

WHEREAS, Executive is the President and Chief Executive Officer of Magellan prior to the closing of the Transaction;

WHEREAS, the Company is engaged in the business of selling diagnostic test kits, purified reagents and biopharmaceutical enabling technologies, which, along with any other products, services or activities offered or performed by the Company during the term of Executive's employment with the Company, is herein defined as its "Business";

WHEREAS, the Company desires to employ the Executive, and the Executive desires to become an Executive and to provide services as the Executive Vice President of the Company and President and Chief Executive Officer of Magellan on behalf of Company on the terms set forth in this Agreement, contingent upon the closing of the Transaction.

NOW, THEREFORE, in consideration of the foregoing, and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

ARTICLE I.
SERVICES AND TERM

1.1 Term. Contingent upon and effective as of the closing of the Transaction, and subject to the termination provisions set forth in Article III, the Company will employ the Executive and the Executive accepts employment with the Company for an initial term of three (3) years (the "Term"). Thereafter, the term of this Agreement automatically shall be extended for additional periods of one (1) year, unless either party provides the other party with written notice of its intent not to renew this Agreement at least one hundred twenty (120) calendar days before the termination date.

1.2 Services. During the Term the Executive will serve as Executive Vice President of the Company and President and Chief Executive Officer of Magellan and will be primarily responsible for managing the business and operations of Magellan and such other duties and responsibilities as are reasonably determined from time to time by the Company. The Executive's principal place of employment shall be Billerica, Massachusetts.

1.3 Other Work or Employment. Executive shall devote Executive's entire time, attention and energies to the business of the Company and shall not, during the Term of

Executive's employment with the Company, be engaged in any other business activity pursued for gain, profit or other pecuniary advantage, without the express permission of the Chief Executive Officer of the Company. Executive also shall disclose in writing any and all past, current or future ownership interest in any business activity pursued by Executive for gain, profit or other pecuniary advantage, excluding passive investment of publically traded companies.

ARTICLE II.
COMPENSATION PACKAGE

2.1 Base Salary. During the Term, the Company will pay Executive an initial annual base salary equal to Three Hundred Thirty Thousand Dollars ($330,000.00). Beginning on January 1, 2017, the Company shall review Executive's annual base salary at least annually and may be adjusted each succeeding year as determined by the Company, but in no event reduced below an annual base salary of Three Hundred Thirty Thousand Dollars ($330,000.00). The Executive's base salary shall be payable in accordance with the normal payroll procedures of the Company.

2.2 Bonus Opportunity. During the Term, in addition to the base salary specified in Section 2.1, Executive shall be eligible to participate in the Corporate Incentive Plan, Level 6 in a manner consistent with other executive employees of Executive's level at Company. The Corporate Incentive Plan provides a bonus opportunity of up to one hundred twenty percent (120%) the amount of Executive's base salary upon the achievement of certain earnings targets and individual performance goals established by the Company each year with respect to the Company's business and Executive's performance. For calendar years 2016 and 2017, the performance targets will be based on the performance of Magellan as outlined below:

(a) For calendar year 2016, minimum achievement of Three Million Four Hundred Seventy-Five Thousand Dollars ($3,475,000.00) of operating income as adjusted for known savings as a result of the Transaction and additional incentive compensation costs, including bonus.

(b) For calendar year 2017, minimum achievement of Five Million Three Hundred Seventy-Five Thousand Dollars ($5,375,000.00) of operating income as adjusted for known savings as a result of the Transaction and additional incentive compensation costs, including bonus.

The operating income target specified in Sections 2.2(a) and (b) above must be achieved after recording all applicable incentive compensation expense. Performance targets for fiscal year 2018 and all subsequent fiscal years during the Term shall be approved by the Board of Directors of the Company.

2.3 Equity. Upon the closing date of the Transaction and commencement of employment, Executive shall (i) receive a grant of 10,000 stock options under the 2012 Stock Incentive Plan ("Stock Incentive Plan"), which shall be subject to a three (3) year pro rata vesting schedule, and shall (ii) receive a pro rata share (based on the closing date of the Transaction) of a grant of 10,000 time-based restricted stock units under the Stock Incentive Plan which shall be subject to a three (3) year cliff vesting schedule, requiring Executive to be

employed with Company at the end of such three (3) year period; and (iii) receive a pro rata share (based on the closing date of the Transaction) of a grant of 10,000 performance-based restricted stock units under the Stock Inventive Plan, which shall be subject to a three (3) year pro rata vesting schedule, provided the Company attains the net earnings targets for the applicable period as approved by the Board of Directors of the Company. The restricted stock units shall include a dividend equivalent feature. Executive shall be eligible to participate in the Company's Stock Incentive Plan in a manner consistent with other employees of the Executive's level in subsequent fiscal years.

2.4 Benefit Plans. During the Term, the Executive shall be eligible to participate in either Executive's current benefit plans or such medical, health, retirement, welfare and insurance plans generally made available from time to time to similarly-situated executives of the Company, whichever are more favorable. Whichever benefit plans apply, the Executive's participation is subject to the plan terms.

2.5 Vacation. During the Term, the Executive shall be entitled to paid vacation time in accordance with the plans, practices, policies and program applicable to other Executive Vice President level officers of the Company, but in no event shall such vacation be less than four (4) weeks per year, beginning on the date of the closing of the Transaction.

2.6 Automobile. During the Term, Executive shall be eligible for an annual automobile allowance in the amount of Twelve Thousand Dollars ($12,000.00).

2.7 Business Expenses. The Company will promptly pay or reimburse the Executive for all reasonable business-related expenses incurred by Executive in connection with the performance of Executive's duties hereunder upon presentation of written documentation, subject, however, to the Company's reasonable policies relating to business-related expenses as then in effect from time to time.

2.8 Indemnification. In the event that Executive is made, or threatened to be made, a party to any legal action or proceeding by reason of the fact that Executive is or was a director or officer of the Company or serves or served any affiliate at the request of the Company, Executive shall be entitled, at all times (including after termination of the Executive for any reason) , to the benefit of the maximum indemnification and advancement of legal fees and expenses available from time to time under the Company's organizational documents.

ARTICLE III.
TERMINATION OF SERVICES

3.1 Termination. Executive's employment with the Company may be terminated by the Company or the Executive, as applicable, at any time prior to the end of the Term for any of the following reasons:

(a) Cause. The Company may terminate this Agreement and the Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall

mean: (i) Executive's intentional act of embezzlement, theft, misappropriation or conversion, or attempted embezzlement, theft, misappropriation, or conversion of any property, funds or business opportunity of the Company or any of its subsidiaries or affiliates, or any act constituting a felony (or its equivalent in any non-United States jurisdiction); (ii) any breach by the Executive of the Executive's covenants under Article IV of this Agreement; (iii) any breach by the Executive of any other material provision of this Agreement which breach is not cured, to the extent susceptible to cure, within thirty (30) days after the Company has given written notice to the Executive describing such breach; (iv) repeated failure or refusal by the Executive without proper cause to perform any reasonable and lawful directive of the Company or the duties of Executive's employment hereunder which continues for a period of thirty (30) days following notice thereof by the Company to the Executive, including failure to cooperate with any internal or external investigation of Company's or Executive's business practices; and (v) the Executive's breach of fiduciary duty or duty of loyalty to the Company or any of its subsidiaries or affiliates or any willful misconduct which is materially or substantially injurious to Company.

(b) Without Cause. The Company may terminate this Agreement without Cause upon thirty (30) days written notice to the Executive.

(c) For Good Reason. The Executive may terminate this Agreement and Executive's employment hereunder for Good Reason if such Good Reason has not been corrected or otherwise eliminated within thirty (30) days after the receipt by the Company of written notice from the Executive describing such Good Reason. For purposes of this Agreement, "Good Reason" shall mean: (i) any material diminution of any material duties or responsibilities or authority previously assigned to Executive; (ii) the failure of the Company to perform any of its material obligations hereunder or under the Stock Incentive Plan including any material reduction in salary or target bonus; (iii) the Company is sold, merged or combined with another entity and the Company fails to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such succession occurs by operation of law; (iv) Executive is directly reporting to someone other than the Chief Executive Officer of the Company; or (iv) a relocation of Executive's principal place of employment by more than thirty (30) miles from Billerica, Massachusetts.

(d) Without Good Reason. The Executive may terminate this Agreement and Executive's employment with the Company without Good Reason upon thirty (30) days prior written notice to the Company.

(e) Death. This Agreement shall automatically terminate on the death of the Executive.

(f) Disability. Upon the failure of the Executive to render services to the Company for a continuous period of six (6) months because of the Executive's physical or mental disability or illness, the Company may terminate this Agreement and the Executive's employment hereunder, provided such termination does not otherwise violate applicable law. If there should be a dispute between the parties as to the Executive's physical or mental disability, such dispute shall be settled by the opinion of an impartial reputable physician agreed upon for such purpose by the parties or their representatives. The certificate of such physician as to the matter in dispute shall be final and binding on the parties.

3.2 Payment on Termination with Cause, Without Good Reason, Death or Disability. In the event that Executive's employment is terminated by the Company with Cause, by the Executive without Good Reason, or by Executive's Death or Disability, Executive shall be entitled to receive the following payments less any required withholdings not later than five (5) business days after the date of termination:

(a) payment of any earned but unpaid salary accrued through and including the date of termination;

(b) payment of accrued, but unused, vacation time;

(c) payment of any earned but unpaid bonus amount; and

(d) reimbursement of any unreimbursed business expenses incurred prior to the date of termination.

3.3 Payment on Termination without Cause or for Good Reason. Subject to the Executive's continuing compliance with the covenants contained in Article IV of this Agreement (the "Covenants"), in the event that the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason other than for Good Reason as defined in Section 3.1(c)(iii), then the Executive shall be entitled to receive the following less any required withholdings following the effective date of the Release referenced below:

(a) payment of any earned, but unpaid salary accrued through and including the date of termination;

(b) a severance payment in the amount of one (1) year of base salary, paid on Company's normal payroll dates;

(c) reimbursement for the total cost of continuation of health coverage (medical, dental, vision) pursuant to Executive's election under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), ceasing at the earlier of the end of the one year severance period, or upon Executive becoming eligible for coverage under a health, dental or vision insurance plan of a subsequent employer;

(d) payment of accrued, but unused, vacation time;

(e) payment of any earned but unpaid bonus amount; and

(f) reimbursement of any unreimbursed business expenses incurred prior to the date of termination.

In the event that the Executive's employment is terminated by the Executive for Good Reason as defined in Section 3.1(c)(iii) (in connection with a "change in control event" within the meaning of Section 409A of the Code), then the Executive shall be entitled to receive the following less any required withholdings following the effective date of the Release referenced below:

(a) payment of a lump sum cash payment equal to two (2) times the full amount of the Executive's target bonus (as determined by the Company's Officers' Performance Compensation Plan, Management incentive program or similar plan, as the case may be) for the fiscal year of the Company in which the termination occurs within thirty (30) calendar days after the date on which the termination occurs;

(b) payment of a lump sum cash payment equal to two (2) times the Executive's annual base salary at the rate in effect immediately prior to the termination within thirty (30) calendar days after the date on which the termination occurs;

(c) payment of accrued, but unused, vacation time;

(d) reimbursement of any unreimbursed business expenses incurred prior to the date of termination; and

(e) reimbursement for the total cost of continuation of health coverage (medical, dental, vision) pursuant to Executive's election under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), ceasing at the earlier of the end of the eighteen (18) month COBRA period, or upon Executive becoming eligible for coverage under a health, dental or vision insurance plan of a subsequent employer.

Payment of severance referenced in Section 3.3(b) above is conditional upon Executive executing and delivering to the Company, and not revoking it, a general release of all claims Executive may have against the Company and its owners, directors, and employees in a form reasonably satisfactory to the Executive and consistent with other releases that the Company has previously asked other executives of the Company to sign in connection with receiving payments upon termination of employment ("Release"), at the time required by the Company and is subject to Executive's continuing compliance with the covenants contained in Article IV of this Agreement. Such Release must be executed and become non-revocable within 60 days of the date of termination. Severance shall be paid or commence to be paid within 60 days of the date of termination, following the effectiveness of the Release, but if such 60-day period begins in one calendar year and ends in the following calendar year, severance shall be paid or commence to be paid in the second calendar year.

3.4 Parachute Payment. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code, and (ii) would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then Executive's benefits under this Agreement shall be either

(i) delivered in full, or

(ii) delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax, whichever of the foregoing amounts,

taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by Executive on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. If a reduction in severance and other benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, payments to Executive under this Agreement which do not constitute nonqualified deferred compensation subject to Section 409A shall be reduced first, and other payments to Executive shall then be reduced in the following order: reduction of cash payments, cancellation of equity awards granted within the twelve (12) month period prior to a "change in control" (as determined under Code Section 280G) that are deemed to have been granted contingent upon the change in control (as determined under Code Section 280G), cancellation of accelerated vesting of equity awards, reduction of employee benefits.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section.

3.5 Section 409A. (a) It is the intention of the parties that the conditions of Section 3.3 constitute a "substantial risk of forfeiture" within the meaning of the Treasury Regulations under Section 409A of the Code and that the payments pursuant to Sections 3.2 and 3.3 above meet the "short-term deferral" exception or the "separation pay plan" exception under such Treasury Regulations, and the parties shall interpret this Agreement accordingly.

(b) A termination of employment shall not be deemed to have occurred for purposes of this Article III unless such termination of employment is also a "separation from service" within the meaning of Section 409A of the Code. To the extent that the Executive is a "specified employee" as of the Executive's separation from service, and any payments payable hereunder upon the Executive's separation from service would be considered deferred compensation subject to Section 409A of the Code, such amounts will not be paid until the earlier of six months and one day following the separation from service or upon the Executive's death.

(c) Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

(d) With regard to any provision of this Agreement that provides for reimbursement of expenses or in-kind benefits that are subject to Section 409A of the Code, the following conditions apply: (i) the amount of expenses eligible for reimbursement, or in-kind

benefits provided, during any calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits provided, in any other calendar year (provided this condition shall not apply to an arrangement providing for the reimbursement of expenses referred to in Section 105(b) of the Code solely because the arrangement provides for a limit on the amount of expenses that may be reimbursed under such arrangement over some or all of the period in which the reimbursement arrangement remains in effect), (ii) the reimbursement of an eligible expense is made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

ARTICLE IV.
COVENANTS

4.1 New Developments. All ideas, inventions, discoveries, concepts, trademarks or other developments or improvements, whether patentable or not, conceived by Executive, alone or with others, at any time during the Term of Executive's employment with the Company, whether or not during working hours or on the Company's premises, which are within the scope of or related to the business operations of the Company or that relate to the Company's work or project, present, past or contemplated ("New Developments"), shall be and remain the exclusive property of the Company. Executive shall do all things reasonably necessary to ensure ownership of such New Developments by the Company, including the execution of documents assigning and transferring to the Company, all of Executive's right, title and interest in and to such New Developments, and the execution of all documents required to enable the Company to file and obtain patents, trademarks and copyrights in the United States and foreign countries on any of such New Developments.

4.2 Return of Property. All files, computer print outs, records, data on any computer, documents, drawings, specifications, equipment, and similar items relating to the business of the Company, whether prepared by the Executive or otherwise coming into Executive's possession, including, without limitation, any Proprietary Information, shall remain the exclusive and confidential property of the Company and shall not be removed from the premises of the Company under any circumstances whatsoever without prior written consent of the Company.

4.3 Nondisclosure Covenant. In the performance of Executive's duties under this Agreement, Executive shall learn trade secrets and confidential information belonging to the Company. Executive acknowledges that the Company has invested substantial sums in the development of the Company's trade secrets, including but not limited to valuable technical confidential information;

(a) valuable non-technical confidential information, relating to business plans, purchasing, accounting, marketing and merchandising;

(b) valuable customer information, including customers lists, key customer contacts, purchasing history and habits, price discounts awarded to customers, and other information gathered at considerable time and expense to the Company; and

(c) other valuable confidential information which has not been published or disseminated by the Company.

During Executive's employment with the Company and after termination of that relationship, Executive will not, directly or indirectly, use, disclose or communicate to any person or entity any trade secrets of the Company. This Nondisclosure Covenant has no geographic or territorial restriction or limitation and applies no matter where the Executive may be located in the future.

4.4 Noncompetition Covenant.

(a) During the Term of Executive's employment with the Company, and for a period of two (2) years after Executive's employment ends for any reason, Executive shall not, directly or indirectly, own, manage, operate, join, control, be employed by, consult with or participate in the ownership, management, operation or control of, or be connected with (as a stockholder, partner, member, or otherwise), any business, individual, partner, firm, corporation, or other entity that engages in the business of testing for heavy metal levels in human or environmental samples anywhere within the same geographic territory the Company does business.

(b) During the Term of Executive's employment with the Company, and for a period of one (1) year after Executive's employment ends for any reason, Executive shall not, directly or indirectly, own, manage, operate, join, control, be employed by, consult with or participate in the ownership, management, operation or control of, or be connected with (as a stockholder, partner, member, or otherwise), any business, individual, partner, firm, corporation, or other entity that engages in the business of selling diagnostic test kits, purified reagents and biopharmaceutical enabling technologies, and any other products and/or services in competition with the Company, other than a business engaged in testing for heavy metal levels in human or environmental samples as set forth in subsection (a) above, anywhere within the same geographic territory the Company does business.

4.5 Nonsolicitation Covenant. During the Term of Executive's employment with the Company, and for a period of one (1) year after Executive's employment ends for any reason, Executive covenants and agrees that:

(a) Executive shall not, directly or indirectly, sell competitive products or provide competitive services to any of the Company's customers or to any potential customer to whom the Company made a proposal or communicated with in the prior twelve (12) months. This restriction applies in the geographic territory where the Company does business; and

(b) Executive shall not, directly or indirectly, (i) induce or attempt to induce or influence any Executive of the Company to terminate employment with the Company; (ii) interfere with the relationship between the Company and any Executive of the Company; or (iii) employ, or otherwise engage as an Executive, independent contractor or consultant, any Executive of the Company or any person who was employed by the Company within the prior twelve (12) months, unless Executive obtains the prior written consent of the Company.

4.6 Breach of Nondisclosure Covenant or Noncompetition and Nonsolicitation Covenant. In the event Executive, directly or indirectly, breaches, violates or fails to fully perform Executive's obligations under this Article IV, Executive acknowledges and agrees that such breach will cause immediate and irreparable harm to the Company in a manner that cannot be measured nor adequately compensated in damages. The Company and Executive further agree that in the event of any such breach and in addition to any and all other remedies that it may have at law or in equity, the Company shall be entitled to temporary, preliminary and permanent injunctive relief to restrain such breach by Executive, and to all cost and expenses, including reasonable attorneys' fees, for a proceeding brought to obtain such injunctive relief. Nothing contained in this Section shall restrict or limit in any manner the Company's right to seek and obtain any other form of relief, legal or equitable, to which it may be entitled. Any lawsuit filed for injunctive or declaratory relief under this Article IV shall be brought only in a state or federal court located in Cincinnati, Ohio.

ARTICLE V.
GENERAL TERMS

5.1 Arbitration. To have a fair, timely, inexpensive and binding method of resolving any dispute or difference arising between Executive and the Company, and its shareholders, directors, officers, Executives and agents, relating to any terms and conditions of employment or termination of employment, either party shall, within one year of the date when the dispute or difference first arose or within one year of when Executive's employment ends, whichever occurs first, submit to the Company a written request to have such claim, dispute or difference resolved through impartial arbitration conducted in accordance with the American Arbitration Association's National Rules for the Resolution of Employment Disputes. The impartial arbitration proceeding shall be the exclusive, final and binding method of resolving any and all claims between Executive and the Company.

Examples of disputes subject to arbitration include, without limitation, any claims under Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act (ADA), the Rehabilitation Act, the Age Discrimination in Employment Act (ADEA), the Family and Medical Leave Act, the Fair Labor Standards Act, or any other federal, state and local laws and common law regarding the termination of employment, discrimination, sexual harassment, breach of contract, wage-hour disputes, wrongful discharge, public policy claims, defamation, infliction of emotional distress, interference with contract, and other torts and physical or mental injury or distress. The Arbitration provision excludes any claims for workers' compensation benefits, unemployment compensation benefits, or any claims for injunctive or declaratory relief under Article IV of this Agreement.

The cost of the filing fee shall be divided equally between Executive and the Company, and the arbitrator shall have the authority to reimburse Executive for that filing fee, if the arbitrator upholds Executive's claim. In no event shall the costs of the arbitration, excluding any damages awarded to the Company, exceed the salary of the Executive for one week.

5.2 Advice to Future Employers. If Executive, in the future, seeks or is offered employment by any other company, firm, or person that competes with the Company in any capacity, Executive will provide a copy of this Agreement to the prospective Employer prior to accepting employment.

5.3 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable in any respect, the Company and Executive agree that such term or provision shall be deemed to be modified to the extent necessary to permit its enforcement to the maximum extent permitted by applicable law. If any provision of this Agreement is held to be illegal, invalid, or unenforceable in any respect, the remainder of this Agreement shall not be affected.

5.4 Assignment. This Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and to the benefit of Executive, Executive's heirs and legal representatives,, except that Executive's duties under this Agreement are hereby expressly agreed to be non-assignable and non-transferable.

5.5 Governing Law. This Agreement shall be governed by the laws of the state of Ohio, without regard to the conflict of laws principles thereof.

5.6 Entire Agreement. This Agreement contains the entire agreement of the parties and supersedes all prior agreements or understandings relating to the subject matter.

5.7 Amendment. No modification or amendment of any of the terms, conditions, or provisions of this Agreement may be made unless by written agreement signed by the Executive and the Company.

5.8 No Mitigation. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not Executive obtains other employment.

The parties acknowledge that they have read, had the opportunity to ask questions about, and understand this Agreement.

EXECUTIVE:

3/21/16
Date

/s/ Amy Winslow
AMY WINSLOW

MERIDIAN BIOSCIENCE, INC.

3/21/2016
Date

By: /s/ John A. Kraeutler
Title: CEO

Exhibit 31.1

Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rule 13a-14(a)

I, John A. Kraeutler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Meridian Bioscience, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2016

/s/ John A. Kraeutler
John A. Kraeutler
Chief Executive Officer

Exhibit 31.2

Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rule 13a-14(a)

I, Melissa A. Lueke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Meridian Bioscience, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2016

/s/ Melissa A. Lueke

Melissa A. Lueke
Executive Vice President and Chief Financial Officer

Exhibit 32

Meridian Bioscience, Inc.

Certification of Chief Executive Officer and Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the filing with the Securities and Exchange Commission of the Quarterly Report of Meridian Bioscience, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2016 (the "Report"), the undersigned officers of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John A. Kraeutler
John A. Kraeutler
Chief Executive Officer
May 6, 2016

/s/ Melissa A. Lueke
Melissa A. Lueke
Executive Vice President and
Chief Financial Officer
May 6, 2016