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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 31, 2011

LECTEC CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota	**0–16159**	**41–1301878**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1407 South Kings Highway, Texarkana, Texas	**75501**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(903) 832–0993**

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

☑ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

Agreement and Plan of Merger

On May 31, 2011, LecTec Corporation (the "*Company*") entered into an Agreement and Plan of Merger (the "*Merger Agreement*") with Nerve Merger Sub Corp., a Delaware corporation and wholly owned subsidiary of the Company ("*Merger Sub*"), and AxoGen Corporation, a Delaware corporation, d/b/a AxoGen, Inc. ("*AxoGen*"). AxoGen is a privately held company that develops and markets surgical products for the repair and protection of peripheral nerves. Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into AxoGen and AxoGen will be the surviving corporation and a wholly owned subsidiary of the Company.

Pursuant to the terms of the Merger Agreement, upon the closing of the merger, each share of AxoGen common stock that is issued and outstanding at such time will be cancelled and converted into the right to receive 0.039955 shares of the Company's common stock. It is expected that 7,267,087 shares of the Company's common stock will be issued in exchange for the stock of AxoGen assuming the conversion of all outstanding AxoGen convertible securities and exercise of all AxoGen stock options. In addition, current security holders of AxoGen have agreed to purchase, immediately following the Merger, an additional 454,193 shares of Company common stock at a price per share of $2.2017. Upon consummation of these transactions, current AxoGen security holders will own approximately 62% of the Company's common stock on a fully diluted basis. Following the closing of the merger, any shareholder holding more than 5% of the shares of the Company's common stock will be subject to a six-month lock-up as to all of such shares and a 12-month lock-up as to 50% of such shares.

The consummation of the merger is subject to customary conditions and the transaction is subject to the approval of the Company's and AxoGen's shareholders. Subject to the satisfaction of these conditions, the Company anticipates that the merger will close in the third quarter of 2011.

A copy of the Merger Agreement is filed herewith as Exhibit 2.1 and incorporated herein by reference. The description of certain terms of the Merger Agreement set forth herein does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement. The representations, warranties and covenants contained in the Merger Agreement have been made solely for the benefit of the parties to the Merger Agreement and: (i) may be intended not as statements of fact but rather as a way of allocating risk among the parties if those statements prove to be inaccurate; (ii) have been qualified by disclosures that were made to the other party in connection with the negotiation of the Merger Agreement; (iii) may apply materiality standards that are different from what may be viewed as material to investors; and (iv) were made only as of the date of the Merger Agreement or such other dates as may be specified in the Merger Agreement and are subject to more recent developments. In addition, the assertions embodied in the representations and warranties contained in the Merger Agreement are qualified by information in confidential disclosure schedules that the parties have exchanged, which have been omitted from the exhibit hereto pursuant to Item 601(b)(2) of Regulation S—K. Accordingly, these representations and warranties should not be relied upon as characterizations of the actual state of facts or affairs on the date they were made or at any other time.

Voting Agreements

Concurrently with the execution of the Merger Agreement, the Company and certain of its shareholders (the "*Supporting Shareholders*") entered into voting agreements (the "*Voting Agreements*"). Pursuant to the Voting Agreements, each of the parties thereto has agreed, among other things, to vote in favor of the approval of the Company's execution of the Merger Agreement and the Company's performance of its obligations thereunder.

The shares of the Company's common stock currently owned by the Supporting Stockholders represent in the aggregate approximately 20% of the currently outstanding shares of the Company's common stock. Copies of the Voting Agreements are filed herewith as Exhibits 2.2, 2.3, 2.4 and 2.5 and incorporated herein by reference. The description of certain terms of the Voting Agreements set forth herein does not purport to be complete and is qualified in its entirety by reference to the Voting Agreements.

Note from AxoGen

On May 31, 2011, AxoGen issued a Subordinated Secured Convertible Promissory Note in the principal amount of $2,000,000 (the "*Note*") to the Company. The Note bears interest at an annual rate of 8%, has a maturity date of June 30, 2013 and is secured by a pledge of all of the assets of AxoGen, which pledge is subordinated to a prior security interest in all of AxoGen's assets held by AxoGen's senior lenders. There is no penalty for AxoGen's prepayment of the Note. At any time prior to the Note being paid in full and the closing of a business combination transaction between the Company and AxoGen, the Company can convert all principal and accrued interest into shares of AxoGen's common stock at a conversion price based on a set valuation of AxoGen. Events of default under the Note include, without limitation, any failure by AxoGen to pay amounts to the Company when due under the Note, the bankruptcy or insolvency of AxoGen, a change of control of AxoGen and any default by AxoGen under any other indebtedness for borrowed money. In the event of a default by AxoGen under the Note, the Company can declare the unpaid balance of the Note, plus accrued and unpaid interest thereon, immediately due and payable. The Note documents allow for additional persons to loan funds to AxoGen on the same terms as, and on a *pari passu* basis with, the Company. Simultaneously with the Note, current AxoGen security holders provided AxoGen $500,000 on substantially the same terms as the Company.

A copy of the Note is filed herewith as Exhibit 10.1 and incorporated herein by reference. The description of certain terms of the Note set forth herein does not purport to be complete and is qualified in its entirety by reference to the Note. A copy of the related Security Agreement, dated May 3, 2011, made and given by AxoGen to the Company (the "*Security Agreement*") is filed herewith as Exhibit 10.2 and incorporated herein by reference. The description of certain terms of the Security Agreement set forth herein does not purport to be complete and is qualified in its entirety by reference to the Security Agreement.

Additional Information Will Be Filed with the Securities and Exchange Commission

In connection with the proposed merger, the Company intends to file relevant materials with the U.S. Securities and Exchange Commission (the "*SEC*"), including a Registration Statement on Form S-4 (the "*Registration Statement*"), which will include a preliminary proxy statement/prospectus (the "*Proxy Statement*") relating to the planned meeting of the Company's shareholders and the registration of the securities of the Company to be issued in exchange for securities of AxoGen. The Registration Statement will contain important information about the Company, AxoGen, the proposed merger and related matters. The Company's shareholders are urged to read the Registration Statement carefully when it is available. The Company will mail the Proxy Statement to its shareholders. The Company urges investors and security holders to read the Proxy Statement regarding the proposed issuances when it becomes available because it will contain important information. The Company's shareholders will be able to obtain free copies of all documents filed with the SEC by the Company, when they become available, through the web site maintained by the SEC at www.sec.gov. The Company's shareholders will also receive information at an appropriate time on how to obtain these documents free of charge from the Company. The Registration Statement and other documents filed with the SEC by the Company may be obtained free of charge by contacting the Company at: LecTec Corporation, 1407 South Kings Highway, Texarkana, Texas 75501, facsimile: (763) 559-7593.

The Company and its directors, executive officers and certain other members of management and employees may be soliciting proxies from the Company shareholders in favor of the merger and other related matters. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of the Company shareholders in connection with the proposed transaction will be set forth in the Proxy Statement when it is filed with the SEC. You can find information about the Company's executive officers and directors in the Company's Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on March 30, 2011. Free copies of the Annual Report may be obtained from the Company as described above.

Item 7.01. Regulation FD Disclosure.

On June 2, 2011, the Company issued a press release announcing its entry into the Merger Agreement and AxoGen's issuance of the Note to the Company as discussed in Item 1.01 of this Current Report on Form 8-K. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

2.1	Agreement and Plan of Merger, dated May 31, 2011, by and among LecTec Corporation, Nerve Merger Sub Corp. and AxoGen Corporation
2.2	Voting Agreement, dated May 26, 2011, by and between LecTec Corporation, Sanford Brink and Linda Brink
2.3	Voting Agreement, dated May 26, 2011, by and between LecTec Corporation and Lowell Hellervik, Ph.D.
2.4	Voting Agreement, dated May 26, 2011, by and between LecTec Corporation and Larry C. Hopfenspirger
2.5	Voting Agreement, dated May 26, 2011, by and between LecTec Corporation and Dr. Elmer Salovich
10.1	Subordinated Secured Convertible Promissory Note, dated May 31, 2011, issued by AxoGen Corporation to LecTec Corporation
10.2	Security Agreement, dated May 3, 2011, made and given by AxoGen Corporation to LecTec Corporation
99.1	Press Release of LecTec Corporation, dated June 2, 2011.

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 hereunto duly authorized.

LECTEC CORPORATION

By: /s/ Gregory G. Freitag
Gregory G. Freitag
Chief Executive Officer and
Chief Financial Officer

Date: June 2, 2011

EXHIBIT INDEX

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Exhibit 2.1

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

LECTEC CORPORATION,

NERVE MERGER SUB CORP.

AND

AXOGEN CORPORATION

DATED AS OF MAY 31, 2011

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of May 31, 2011, is entered into by and among LecTec Corporation, a Minnesota corporation ("Parent"), Nerve Merger Sub Corp., a Delaware corporation and a wholly-owned subsidiary of Parent ("Merger Subsidiary"), and AxoGen Corporation, a Delaware corporation (the "Company" and, together with Parent, Merger Subsidiary and the Company, the "Parties").

WHEREAS, the Board of Directors of each of the Company, Parent and Merger Subsidiary have (i) determined that the Merger is fair and in the best interests of their respective stockholders and (ii) approved the merger of Merger Subsidiary with and into the Company, with the Company surviving, in accordance with the terms and conditions of this Agreement;

WHEREAS, for federal income tax purposes, the Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the United States Internal Revenue Code of 1986, as amended (the "Code"), and the rules and regulations promulgated thereunder and this Agreement is to be treated as a plan of reorganization within the meaning of said Section 368(a);

WHEREAS, the Company has entered into voting agreements with certain holders of Company Capital Stock under which such stockholders have agreed to vote their shares in favor of the Merger, this Agreement and the performance of the Company hereunder;

WHEREAS; Parent has entered into voting agreements with certain holders of Parent Common Stock under which such shareholders have agreed to vote their shares in favor of the six matters to be voted upon under the Proxy Statement (as defined below);

WHEREAS, prior to the Effective Time certain other investors (the "Investors") shall have (i) loaned to the Company an aggregate of $1.0 million in exchange for certain convertible notes (the "Investor Notes") which, among other terms, provide that at the Effective Time the principal amount of such notes will automatically convert into shares of Parent Common Stock based on the Investor Note Conversion Price (as defined below) and (ii) agreed to purchase at or immediately following the Effective Time shares of Parent Common Stock for an aggregate purchase price of $1.0 million and a per share purchase price equal to the Investor Stock Purchase Price (as defined below); and

WHEREAS, the Parties desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe various conditions to the Merger.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Company, Parent and Merger Subsidiary hereby agree as follows:

ARTICLE 1
THE MERGER

1.1 The Merger. Upon the terms and subject to the conditions hereof, in accordance with Section 251 of the Delaware General Corporation Law (the "DGCL"), at the Effective Time, Merger Subsidiary shall be merged with and into the Company (the "Merger"), with the Company as the surviving corporation in the Merger (the "Surviving Corporation"), which shall continue its corporate existence under the laws of the State of Delaware. At the Effective Time, the separate existence of Merger Subsidiary shall thereupon cease and the Merger will have the effects specified in the DGCL. As a result of the Merger, the Company will thereafter be a wholly-owned subsidiary of Parent. The name of the Surviving Corporation shall be the name of the Company.

1.2 Effective Time of the Merger. Subject to the provisions of this Agreement, the Parties shall cause the Merger to be consummated by filing a certificate of merger of the Company and Merger Subsidiary, or other appropriate documents, with the Secretary of State of the State of Delaware (the "Certificate of Merger") in such form as required by, and executed in accordance with, the relevant provisions of the DGCL on or before the Closing Date. The Merger shall become effective at the time designated by the Parties in the Certificate of Merger as the effective time of the Merger, or if no such time has been designated, upon filing (the date and time the Merger becomes effective being hereinafter referred to as the "Effective Time").

1.3 Effects of the Merger. The Merger shall have the effects set forth in the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all of the property, rights, privileges, powers and franchises of the Company and Merger Subsidiary shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Merger Subsidiary shall become the debts, liabilities and duties of the Surviving Corporation.

1.4 Closing. Upon the terms and subject to the conditions set forth in Articles 6 and 7 and the termination rights set forth in Article 8, the closing (the "Closing") will take place at the offices of Dorsey & Whitney LLP, 50 South Sixth Street, Suite 1500, Minneapolis, MN 55402, at 10:00 a.m. on the second Business Day following the satisfaction or waiver (subject to applicable law) of the conditions (excluding conditions that, by their nature, cannot be satisfied until the Closing Date) set forth in Articles 6 and 7, unless this Agreement has been theretofore terminated pursuant to its terms or unless another place, time or date is agreed to by the Parties (the date of the Closing, the "Closing Date").

1.5 Certificate of Incorporation. In connection with the Merger and at the Effective Time, the Certificate of Incorporation of the Company shall be amended and restated to read substantially in the form of the Certificate of Incorporation of Merger Subsidiary until duly amended in accordance with the terms thereof and of the DGCL.

1.6 Bylaws. In connection with the Merger and at the Effective Time, the bylaws of the Company shall be amended and restated to read substantially in the form of the bylaws of Merger Subsidiary until duly amended in accordance with the terms thereof and of the DGCL.

1.7 Parent Articles of Incorporation and Bylaws. In connection with the Merger and at the Effective Time, the Articles of Incorporation and bylaws of Parent shall be amended and restated in a form mutually agreed by Parent and the Company.

1.8 Directors and Officers. (i) The persons who shall serve as the directors of the Surviving Corporation as of the Effective Time shall be (A) Gregory Freitag, (B) John Harper and (C) Karen Zaderej, and (ii) the persons who shall serve as the officers of the Surviving Corporation as of the Effective Time shall be the officers of the Company as of immediately prior to the Effective Time, in each case until their respective successors are duly elected and qualified. In furtherance thereof, any persons serving as a director or officer of Merger Subsidiary prior to the Effective Time and not identified in the preceding sentence shall resign effective as of the Effective Time.

ARTICLE 2
CONVERSION OF SECURITIES

2.1 Consideration for the Merger. Subject to the terms and conditions of this Agreement and the DGCL, at the Effective Time, by virtue of the Merger and without any action on the part of Parent, the Company, Merger Subsidiary or any Stockholder:

(a) Treasury Stock. All shares of Company Capital Stock that are held by the Company as treasury stock or that are owned by the Company, Parent or any of its Subsidiaries (other than those held in a fiduciary capacity for the benefit of third parties) immediately prior to the Effective Time shall cease to be outstanding and shall be canceled and retired and shall cease to exist and no Parent Common Stock or other consideration shall be delivered in exchange therefor.

(b) Company Capital Stock. Each share of Company Common Stock that is issued and outstanding immediately prior to the Effective Time (other than shares canceled pursuant to Section 2.1(a) and Dissenting Shares) shall, at the Effective Time, be canceled and converted into, and become a right to receive, such number of fully paid and nonassessable shares of Parent Common Stock equal to the Closing Ratio (the aggregate number of such shares being referred to herein as the "Merger Consideration"), rounded to the nearest ten-thousandth of a share after giving effect to the conversion of all shares of Company Capital Stock into such consideration deliverable upon surrender of the certificate representing such share as provided in Section 2.3 below.

For purposes of clarity, the Parties acknowledge that, at the Effective Time, all shares of Company Capital Stock outstanding immediately prior to the Effective Time shall cease to be outstanding and shall be canceled and retired and shall cease to exist, and each holder of Company Certificate that immediately prior to the Effective Time represented any such shares of Company Capital Stock shall thereafter cease to have any rights with respect to such shares of Company Capital Stock, except (i) the right to receive the applicable portion of the Merger Consideration to be issued in consideration therefor, (ii) cash for any fractional shares of Parent Common Stock as provided in Section 2.5 and (iii) any dividends and other distributions payable in accordance with Section 2.3(g).

(c) Company Stock Options and Company Warrants.

(i) At the Effective Time, each Company Stock Option granted under the Company Stock Option Plan, shall be assumed by Parent in a transaction described in Section 424(a) of the Code. Each Company Stock Option so assumed by Parent under this Agreement will continue to have, and be subject to, the same terms and conditions of such Company Stock Option immediately prior to the Effective Time, except that (i) each Company Stock Option will be exercisable for that number of shares of Parent Common Stock equal to the product of the number of shares of Company Common Stock that were issuable upon exercise of such Company Stock Option immediately prior to the Effective Time multiplied by the Closing Ratio, rounded down to the nearest whole number of shares of Parent Common Stock, and (ii) the per share exercise price for the shares of Parent Common Stock issuable upon the exercise of such assumed Company Stock Option will be equal to the quotient determined by dividing the exercise price per share of Company Common Stock at which such Company Stock Option was exercisable immediately prior to the Effective Time by the Closing Ratio, rounded up to the nearest whole cent. As soon as practicable after the Effective Time, Parent shall, or shall cause the Surviving Corporation to, deliver to the holders of Company Stock Options, notices describing the conversion of such Company Stock Options (as modified by this Section 2.1(c)), and the agreements evidencing the Company Stock Options shall continue in effect on the same terms and conditions (as modified by this Section 2.1(c)). Parent shall comply with the terms of all such Company Stock Options. Prior to the Effective Time, Parent shall reserve for issuance the number of shares of Parent Common Stock necessary to satisfy Parent's obligations under this Section 2.1(c). As soon as practicable after the Effective Time, Parent shall file a registration statement or statements on Form S-8 or Form S-3 (or any successor form) with respect to the shares of Parent Common Stock subject to Company Stock Options assumed by Parent pursuant to this Agreement.

(ii) Prior to the Effective Time, Parent and the Company shall take all such steps as may be required to cause any acquisitions of Parent equity securities (including derivative securities with respect to any Parent Securities) and dispositions of Company Securities (including derivative securities with respect to any Company Securities) resulting from the transactions contemplated by this Agreement by each individual who is anticipated to be subject to the reporting requirements of Section 16(a) of the Exchange Act, with respect to Parent or who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

(iii) Prior to the Effective Time, the Company shall take all such steps as may be required to cause each Company Warrant exercisable for Company Capital Stock that is outstanding as of the date hereof and as of the Effective Time to be terminated, without any further consideration payable in respect thereof, and have no further force and effect.

(d) Capital Stock of Merger Subsidiary. Each issued and outstanding share of capital stock of Merger Subsidiary outstanding as of immediately prior to the Effective Time shall be canceled and converted into and become one share of common stock, par value $0.01 per share, of the Surviving Corporation.

2.2 Dissenting Shares. Notwithstanding anything in this Agreement to the contrary, to the extent (if at all) that holders of Company Capital Stock are entitled to appraisal rights under Section 262 of the DGCL, shares of Company Capital Stock issued and outstanding immediately prior to the Effective Time and held by a holder who has properly exercised and perfected his, her or its demand for appraisal rights under Section 262 of the DGCL (the "Dissenting Shares") will not be converted into the right to receive the Merger Consideration, but the holders of Dissenting Shares will be entitled to receive only such rights as will be determined pursuant to Section 262 of the DGCL; provided, however, that if any such holder shall have failed to perfect or shall effectively withdraw or lose his, her or its rights under Section 262 of the DGCL, such holder's shares of Company Capital Stock will thereupon be deemed to have been converted as of the Effective Time into the right to receive the Merger Consideration, without any interest thereon, and such shares will not be deemed to be Dissenting Shares. The Company will give Parent (a) prompt notice of any notices or demands for appraisal or payment for shares of Company Capital Stock received by the Company prior to the Closing and (b) the opportunity to participate in all negotiations and proceedings with respect to any such demands or notices. Prior to the Closing, the Company will not, without the prior written consent of Parent or as otherwise required by a Governmental Order, make any payment with respect to, or settle, offer to settle or otherwise negotiate any demands.

2.3 Exchange Procedures.

(a) At or prior to the Effective Time, Parent shall appoint Wells Fargo Bank, N.A. to serve as the exchange agent hereunder (the "Exchange Agent"). Parent shall deposit with the Exchange Agent, for the benefit of the holders of shares of Company Capital Stock (other than shares canceled pursuant to Section 2.1(a) and Dissenting Shares), at the Effective Time, a number of shares of Parent Common Stock equal to the Merger Consideration, (such shares being hereafter referred to as the "Exchange Fund") pursuant to the terms of this Agreement and an agreement among Parent, the Company and the Exchange Agent, in a form reasonably acceptable to the parties thereto (the "Exchange Agreement"). In addition, Parent shall deposit with the Exchange Agent, as necessary from time to time after the Effective Time, any dividends or other distributions payable pursuant to Section 2.3(g) and cash in lieu of any fractional shares payable pursuant to Section 2.5. The Exchange Agent shall, pursuant to irrevocable instructions, deliver the shares of Parent Common Stock contemplated to be paid pursuant to Section 2.1 out of the Exchange Fund. Except as contemplated by Section 2.3(e), the Exchange Fund must not be used for any other purpose. Parent shall pay the fees and expenses of the Exchange Agent, and Parent will indemnify the Exchange Agent against actions taken by the Exchange Agent pursuant to this Agreement and the Exchange Agreement, other than for acts or omissions which constitute willful misconduct or gross negligence.

(b) As promptly as reasonably practicable after the Effective Time, Parent shall cause the Exchange Agent to mail to each holder of record of a Company Certificate or Company Certificates (to the extent such certificates have not already been submitted to the Exchange Agent) which immediately prior to the Effective Time represented outstanding shares (other than shares canceled pursuant to Section 2.1(a)) and Dissenting Shares of Company Capital Stock (i) a form of letter of transmittal (which will be in such form as the Company and Parent may reasonably agree and will specify that delivery will be effected, and risk of loss and title to the Company Certificates will pass, only upon proper delivery of the Company Certificates to the Exchange Agent), and (ii) instructions for use in effecting the surrender of the Company Certificates in exchange for the applicable portion of the Merger Consideration into which the number of shares of Company Capital Stock previously represented by such Company Certificates will have been converted pursuant to this Agreement.

(c) Upon surrender to the Exchange Agent of a Company Certificate for cancellation, together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, and such other documents as may be reasonably required by the Exchange Agent pursuant to such instructions, the holder of such Company Certificate will be entitled to receive in exchange therefor (i) the applicable portion of the Merger Consideration for each share of Company Capital Stock formerly represented by such Company Certificate, (ii) any dividends and other distributions payable in accordance with Section 2.3(g) and (iii) the amount of any cash payable in lieu of a fractional share of Parent Common Stock to which such holder is entitled pursuant to Section 2.5, to be distributed within five days of the Closing Date, after giving effect to any required tax withholding and without interest, and the Company Certificate so surrendered will immediately be canceled. In the event of a transfer of ownership of shares of Company Capital Stock prior to the Effective Time which is not registered in the transfer records of the Company, (i) the applicable portion of the Merger Consideration, (ii) any dividends and other distributions payable in accordance with Section 2.3(g) and (iii) the amount of any cash payable in lieu of a fractional share of Parent Common Stock to which such holder is entitled pursuant to Section 2.5, may be issued to a transferee if the Company Certificate representing such shares of Company Capital Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. Until surrendered as contemplated by this Section 2.3, each Company Certificate will be deemed at all times after the Effective Time for all purposes to represent only the right to receive upon such surrender (i) the applicable portion of the Merger Consideration with respect to the shares of Company Capital Stock formerly represented thereby, (ii) any dividends and other distributions payable in accordance with Section 2.3(g) and (iii) the amount of any cash payable in lieu of a fractional share of Parent Common Stock to which such holder is entitled pursuant to Section 2.5.

(d) Following the Effective Time, there will be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Company Capital Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Company Certificates are presented to Parent or the Surviving Corporation for any reason, they will be canceled and exchanged as provided in this Section 2.3. From and after the Effective Time, holders of Company Certificates will cease to have any rights as stockholders of the Surviving Corporation, except as provided by Applicable Law.

(e) To the extent permitted by Applicable Law, any portion of the Exchange Fund that remains undistributed to the holders of shares of Company Capital Stock one year after the Effective Time will be delivered to Parent, upon demand, and any holders of shares of Company Capital Stock who have not theretofore complied with this Article 2 must thereafter look only, as general creditors, to Parent for the Merger Consideration, without interest. Any portion of the Exchange Fund remaining unclaimed by holders of shares of Company Capital Stock will, to the extent permitted by Applicable Law, become the property of Parent free and clear of any claims or interest of any person previously entitled thereto immediately prior to the date on which such amounts would otherwise escheat to or become property of any Governmental Authority.

(f) Notwithstanding Section 2.1, none of the Exchange Agent, Parent, the Company, Merger Subsidiary or the Surviving Corporation will be liable to any holder of shares of Company Capital Stock for any Merger Consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(g) No dividends or other distributions declared after the Effective Time with respect to Parent Common Stock and payable to the holders of record thereof shall be paid to the holder of any unsurrendered Company Certificate until the holder thereof shall surrender such Company Certificate in accordance with this Article 2. After the surrender of a Company Certificate in accordance with this Article 2, the record holder thereof shall be entitled to receive any such dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to shares of Parent Common Stock represented by such Company Certificate. The Exchange Agent shall make available such amounts to such holders of Company Certificates formerly representing Shares subject to and in accordance with the terms of Section 2.3(c).

2.4 No Further Rights in Company. All shares of Parent Common Stock issued, any dividends or other distributions paid pursuant to Section 2.3(g), and all cash paid for fractional shares of Parent Common Stock pursuant to Section 2.5, to the Stockholders upon conversion of shares of Company Capital Stock in accordance with the terms of this Article 2 shall be deemed to have been issued or paid in full satisfaction of all obligations of Parent and the Company pertaining to the shares of Company Capital Stock.

2.5 No Fractional Shares of Parent Common Stock. No certificates or scrip or shares of Parent Common Stock representing fractional shares of Parent Common Stock or book-entry credit of the same shall be issued upon the surrender for exchange of Company Capital Stock and such fractional share interests will not entitle the owner thereof to vote or to have any rights of a stockholder of Parent or a holder of shares of Parent Common Stock. In lieu of any such fractional share, Parent shall cause the Exchange Agent to pay each holder of Company Capital Stock that would otherwise have been entitled to a fraction of a share of Parent Common Stock upon surrender of Company Capital Stock (determined after taking into account all shares of Company Capital Stock delivered by such holder), upon such surrender, cash (without interest) in an amount equal to the product of (i) the fractional share interest to which such holder would otherwise be entitled and (ii) the Parent Closing Share Price. The Exchange Agent shall make available such amounts to such holders of Company Certificates formerly representing Shares subject to and in accordance with the terms of Section 2.3(c).

2.6 Lost Certificates. If any Company Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Company 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 Company Certificate, Parent will deliver in exchange for such lost, stolen or destroyed Company Certificate the applicable Merger Consideration with respect to the Company Capital Stock formerly represented thereby (including any dividends or other distributions payable pursuant to Section 2.3(g) and any cash in lieu of fractional shares of Parent Common Stock to which the holders thereof are entitled pursuant to Section 2.5).

2.7 Withholding Rights. Parent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any former holder of shares of Company Common Stock such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of U.S. state or local or foreign Tax law. To the extent that amounts are so withheld or paid over to or deposited with the relevant Governmental Authority by Parent, such amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made by Parent.

2.8 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 on behalf of the Surviving Corporation, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Surviving Corporation, any other actions and things necessary 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 acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the Disclosure Schedule delivered by the Company to Parent and Merger Subsidiary on the date hereof (the "Disclosure Schedule"), the Company hereby represents and warrants to Parent and Merger Subsidiary as follows (the Disclosure Schedule is arranged in sections corresponding to the sections and subsections of this Article 3, and disclosure in one section of the Disclosure Schedule shall constitute disclosure for all other sections of the Disclosure Schedule only to the extent to which the applicability of such disclosure is reasonably apparent):

3.1 Corporate Organization and Power. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted and to own, lease and operate the assets and properties of the Company as now owned, leased and operated. The Company is duly qualified or licensed to do business as a foreign corporation and is in good standing in every jurisdiction in which the character or location of its properties and assets owned, leased or operated by the Company or the nature of the business conducted by the Company requires such qualification or licensing, except where the failure to be so qualified, licensed or in good standing in such other jurisdiction would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

3.2 Certificate of Incorporation of Company; No Subsidiaries. The Company has heretofore made available to Parent complete and accurate copies of its Certificate of Incorporation and Bylaws, as currently in effect. The Company does not, directly or indirectly, own or control any capital, equity, partnership, participation or other ownership interest in any corporation, partnership, joint venture or other business association or entity.

3.3 Authorization. The Company has all requisite corporate power and authority to enter into this Agreement and, subject to obtaining the necessary approval of the Stockholders with respect to the Merger and the other transactions contemplated hereby, including, but not limited to the Company Preferred Stock Conversion, to carry out the transactions contemplated herein. The Board of Directors of the Company have taken all action required by Applicable Law, the Company's Certificate of Incorporation and Bylaws and otherwise to duly and validly authorize and approve the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated herein and no other corporate proceedings, other than approval of the Stockholders of the Company, on the part of the Company or any Subsidiary are, or will be, necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been, and each of the agreements, if any, required by Article 6 to be entered into by the Company, will be, duly and validly executed and delivered by the Company and, assuming due authorization, execution and delivery by Parent and Merger Subsidiary of this Agreement, constitute or, upon execution and delivery will constitute, the legal, valid and binding obligations of the Company, enforceable against it in accordance with the respective terms, subject to laws of general application relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and rules of law governing specific performance, injunctive relief or other equitable remedies.

3.4 Capitalization of the Company. The authorized capital stock of the Company consists of (a) 133,000,000 shares of Company Common Stock, 32,344,824 shares of which are issued and outstanding; (b) 2,544,750 shares of Series A Convertible Preferred Stock, par value $.00001 per share, all of which shares are issued and outstanding, (c) 17,065,217 shares of Series B Convertible Preferred Stock, par value $.00001 per share, 9,782,609 of which shares are issued and outstanding, (d) 16,798,924 shares of Series C Convertible Preferred Stock, par value $.00001 per share, 11,072,239 of which shares are issued and outstanding, and (e) 67,000,000 shares of Series D Convertible Preferred Stock, par value $.00001 per share, 30,156,251 shares of which are issued and outstanding. All of the issued and outstanding shares of Company Capital Stock are duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights. All issued and outstanding shares of Company Capital Stock are owned by the Stockholders in the exact amounts and in the exact percentages on a fully converted basis as set forth in the Disclosure Schedule. There are 644,826 shares of Company Common Stock reserved for future issuance pursuant to the Company Stock Option Plan, 15,342,506 shares subject to outstanding Company Stock Options, and those outstanding Company Warrants identified in Section 3.4 of the Disclosure Schedule, and all such Company Stock Options and Company Warrants are held of record by the holders and in the exact amounts, as set forth in the Disclosure Schedule. Except as set forth in the Disclosure Schedule, there are no other outstanding (w) shares of capital stock or other voting securities of the Company, (x) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company, (y) options, warrants, conversion privileges, rights of first refusal, contracts, understandings, agreements or other rights to purchase or acquire from the Company, and, no obligations of the Company to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company, and (z) equity equivalent interests in the ownership or earnings of the Company or other similar rights (collectively, "Company Securities"). Except as set forth in the Disclosure Schedule, there are no outstanding obligations of the Company to repurchase, redeem or otherwise acquire any Company Securities. Except as set forth in the Disclosure Schedule, there are no agreements, voting trusts or other agreements or understandings to which the Company is a party or by which it is bound relating to the voting or registration of any shares of capital stock of the Company.

3.5 Non-Contravention. Neither the execution, delivery and performance by the Company of this Agreement nor the consummation of the transactions contemplated herein will (a) contravene or conflict with the Certificate of Incorporation or Bylaws of the Company, (b) contravene or conflict with or constitute a violation of any provision of any Applicable Law binding upon or applicable to the Company or any of the Company's assets, (c) result in the creation or imposition of any Lien on any of the Company's assets, other than Permitted Liens, or (d) be in conflict with, constitute (with or without due notice or lapse of time or both) a default under, result in the loss of any material benefit under, or give rise to any right of termination, cancellation, increased payments or acceleration under any terms, conditions or provisions of any note, bond, lease, mortgage, indenture, license, contract, franchise, permit, instrument or other agreement or obligation to which the Company is a party, or by which any of its properties or assets may be bound, except in any case under clause (b) or clause (d) of this Section 3.5 where such conflicts or other occurrences would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

3.6 Consents and Approvals. No consent, approval, order or authorization of or from, or registration, notification, declaration or filing with (hereinafter sometimes separately referred to as a "Consent" and sometimes collectively as "Consents") any individual or entity, including without limitation any Governmental Authority or Person, is required in connection with the execution, delivery or performance of this Agreement by the Company or the consummation by the Company of the transactions contemplated herein, other than the requirements of the DGCL for filing of appropriate documents to effect the Merger, the Consent of the stockholders of the Company, the Consent of the third parties to Contracts to which the Company is a party which Contracts are identified in Section 3.6 of the Disclosure Schedule, and such other Consents which, if not obtained or made, would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company and would not prevent, or materially alter or delay, the consummation of any of the transactions contemplated hereby.

3.7 Proxy Statement; Registration Statement; Information Statement; Other Information. The material, information, financial statements and exhibits, taken as a whole, with respect to the Company (i) supplied in writing by the Company to Parent (and its legal counsel and accounting advisors) for inclusion in the proxy statement prepared by Parent and included as part of the Registration Statement (such proxy statement/prospectus, the "Proxy Statement") and (ii) included in the information statement prepared by the Company (such information statement, together with written consent resolutions and any letter or other materials to the Stockholders included therein are referred to in this Agreement as the "Information Statement"), shall not, at the time the Proxy Statement or Information Statement is first mailed or supplemented, as applicable, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, except that no representation or warranty is made by the Company with respect to any information regarding the Parent, Merger Subsidiary or any Affiliate of the Parent or Merger Subsidiary that is contained or incorporated by reference in the Information Statement.

3.8 Financial Statements; Undisclosed Liabilities.

(a) The Company has made available to Parent true, correct and complete copies of (i) the unaudited balance sheet, as of March 31, 2011 of the Company (the "Latest Balance Sheet") and the unaudited statements of income, stockholders' equity and cash flows of the Company for the three-month period ended March 31, 2011 (such statements of income, stockholders' equity and cash flows and the Latest Balance Sheet being herein referred to as the "Latest Financial Statements") and (ii) the audited balance sheets, as of December 31, 2009, and 2010 of the Company and the related audited statements of income, stockholders' equity and cash flows of the Company for each of the years ended December 31, 2009 and 2010 (collectively, the "Annual Financial Statements"). The Latest Financial Statements and the Annual Financial Statements are based upon the information contained in the books and records of the Company and fairly and accurately present the financial condition of the Company as of the dates thereof and results of operations for the periods referred to therein. The Annual Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis and consistent with the past accounting practices of the Company. The Latest Financial Statements have been prepared in accordance with GAAP on a basis consistent with the Annual Financial Statements, except as otherwise stated therein, for the omission of footnotes and certain prior period comparative data, and subject to normal recurring year-end adjustments. The Company maintains a system of internal accounting controls sufficient, in the judgment of the Company Board of Directors, to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(b) The books of account of the Company are complete and correct in all material respects and have been maintained in accordance with sound business practices. Each transaction is properly and accurately recorded on the books and records of the Company, and each document upon which entries in the Company's books and records are based is complete and accurate in all material respects. The minute books and stock or equity records of the Company, all of which have been made available to Parent, are complete and correct in all material respects. At the Closing, all such books and records will be in the possession of the Company.

(c) Except as and to the extent reflected in the Latest Balance Sheet, the Company has no Liabilities except (i) Liabilities incurred in the ordinary course of business and not required to be set forth in the Latest Balance Sheet, (ii) Liabilities that have arisen after the date of the Latest Balance Sheet in the ordinary course of business, consistent with past custom and practice, (iii) Liabilities disclosed on Section 3.8 of the Disclosure Schedule, or (iv) Liabilities under Contracts set forth on Section 3.22 of the Disclosure Schedule.

(d) There is no outstanding indebtedness payable by any director or officer of the Company to the Company.

3.9 Absence of Certain Changes. Except as otherwise authorized or contemplated by this Agreement, since March 31, 2011, the Company has owned and operated its assets, properties and businesses in the ordinary course of business and consistent with past practice and there has not been:

(a) any change, effect, event, occurrence, state of facts or development that individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on the Company;

(b) any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of the Company, or any repurchase, redemption or other acquisition by the Company (other than any wholly-owned subsidiary) of any outstanding shares of capital stock or other equity or debt securities of, or other ownership interests in, the Company;

(c) any split, combination or reclassification of the Company Capital Stock;

(d) any amendment of any provision of the Certificate of Incorporation, Bylaws or other governing documents of, or of any material term of any outstanding security issued by, the Company;

(e) any incurrence, assumption or guarantee by the Company of any indebtedness for borrowed money;

(f) any change in any method of accounting or accounting practice by the Company, except for any such change required by reason of a change in GAAP and concurred with by the Company's independent public accountants;

(g) issuance of any equity or debt securities of the Company other than pursuant to the Company Stock Option Plan, Company Stock Options or Company Warrants in the ordinary course of business and consistent with past practice;

(h) acquisition or disposition of assets material to the Company, taken as a whole, except for sales of inventory in the ordinary course of business consistent with past practice, any acquisition or disposition of capital stock of any third party, or any merger or consolidation with any third party, by the Company;

(i) any creation or assumption by the Company of any Lien, other than Permitted Liens;

(j) any individual capital expenditure (or series of related capital expenditures) either involving more than $50,000 or outside the ordinary course of business;

(k) any material damage, destruction or loss (whether or not covered by insurance) from fire or other casualty to its tangible property;

(l) any material increase in the base salary of any officer or employee of the Company;

(m) except as set forth in the Disclosure Schedule, any adoption, amendment, modification, or termination of any Benefit Plan or any other bonus, profit-sharing, incentive, severance or other similar plan for the benefit of any of its directors, officers or employees;

(n) entry by the Company into any joint venture, partnership or similar agreement with any person;

(o) any filing of any amended Tax Return, settlement of any Tax claim or assessment relating to the Company, payment of any estimated Taxes in excess of $10,000, change in method of Tax accounting, or consent to the extension or waiver of the limitations period applicable to any claim or assessment with respect to Taxes; or

(p) any authorization of, or commitment or agreement to take any of, the foregoing actions except as otherwise permitted by this Agreement.

3.10 Assets and Properties.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, the Company has good and valid right, title and interest in and to or, in the case of leased properties or properties held under license, good and valid leasehold or license interests in, all of its assets and properties. The Company holds title to each such owned assets and properties free and clear of all Liens, except Permitted Liens.

(b) To the Company's knowledge, (i) the current use and operation of all real property is in compliance in all material respects with all public and private covenants and restrictions and (ii) utilities, access and parking, if any, for such real property are adequate for the current use and operation of such real property. To the Company's knowledge, there are no zoning, building code, occupancy restriction or other land-use regulation proceedings or any proposed change in any Applicable Laws, which could materially detrimentally affect the use or operation of any real property, nor has the Company received any notice of any special assessment proceedings affecting the real property, or applied for any change to the zoning or land use status of the real property. The Company is not a foreign person, as the term foreign person is defined in Section 1445(f)(3) of the Code.

3.11 Manufacturing and Marketing Rights. Except as set forth in the Disclosure Schedule, the Company has not granted rights to manufacture, produce, assemble, license, market, or sell the Products to any other person and is not bound by any agreement that affects the Company's exclusive right to develop, manufacture, assemble, distribute, market or sell the Products.

3.12 FDA and Regulatory Matters.

(a) The Company has no knowledge of any actual or threatened enforcement action or investigation by the FDA or any other Governmental Authority. The Company has no knowledge or reason to believe that the FDA or any Governmental Authority is considering such action. The operation of the business of the Company, including the manufacture, import, export, testing, development, processing, packaging, labeling, storage, marketing, sales, and distribution of the Products is, and at all times has been, in material compliance with all applicable laws and permits, or within the FDA's exercise of enforcement discretion consistent with Schedule 3.12.

(b) All material reports, documents, claims, permits and notices required to be filed with, maintained for or furnished to the FDA or any Governmental Authority have been so filed, maintained or furnished by the Company. All such reports, documents, claims and notices were complete and accurate in all material respects on the date filed or furnished (or were corrected in or supplemented by a subsequent filing), such that no liability exists with respect to such filing, and remain complete and accurate.

(c) The Company has not received any FDA Form 483, notice of adverse finding, warning letters, untitled letters or other correspondence or notice from the FDA or any Governmental Authority (i) alleging or asserting noncompliance with any applicable laws or permits and the Company has no knowledge or reason to believe that the FDA or any Governmental Authority is considering such action or (ii) contesting the investigational device exemption, pre-market clearance or approval of, the uses of or the labeling or promotion of any Product.

(d) Each Product or product candidate subject to the FDCA that has been developed, manufactured, test distributed or marketed by or on behalf of the Company is being or has been developed, manufactured, tested, distributed and marketed in compliance with all applicable requirements under the FDCA and comparable laws in any non-U.S. jurisdiction, including those relating to investigational use, pre-market clearance or approval, biologics licensing, registration and listing, good manufacturing practices, labeling, advertising, record keeping and filing of required reports.

(e) The Company, under a distributor agreement, distributes certain Medical Devices. No Medical Device distributed by the Company is "adulterated" or "misbranded" under the Federal Food, Drug, and Cosmetic Act or similar law of any Governmental Authority. All Medical Devices distributed by the Company have received a pre-market clearance and may be lawfully placed into commerce and sold as they are currently manufactured.

(f) The Company has not either voluntarily or involuntarily initiated, conducted or issued, or caused to be initiated, conducted or issued, any recall, field notifications, field corrections, market withdrawal or replacement, safety alert, warning, "dear doctor" letter, investigator notice, safety alert or other notice or action relating to an alleged lack of safety, efficacy or regulatory compliance of any Product. The Company is not aware of any facts which are reasonably likely to cause (1) the recall, market withdrawal or replacement of any Product sold or distributed, or intended to be sold or distributed by the Company; (2) a change in the marketing classification or a material change in the labeling of any such Product, consistent with Schedule 3.12, or (3) a termination or suspension of the currently marketed Products.

(g) The Company does not have an investigational device exemption ("IDE"), investigational new drug application ("IND"), premarket clearance or approval, or a biologics license, and has not received any written notice that the FDA or any other Governmental Authority has (i) commenced, or threatened to initiate, any action to withdraw an IDE, IND, pre-market clearance or approval, or biologics license, or requested the recall of any Product, (ii) commenced, or threatened to initiate, any action to enjoin manufacture or distribution of any Product or (iii) commenced, or threatened to initiate, any action to enjoin the manufacture or distribution of any Product produced at any facility where any Product is manufactured, tested, processed, packaged or held for sale.

3.13 Reimbursement/Billing. To its knowledge, the Company has not engaged in any activities that are prohibited, or are cause for civil or criminal penalties or mandatory or permissive exclusion from Medicare (Title XVIII of the Social Security Act), Medicaid (Title XIX of the Social Security Act) or any other State Health Care Program or Federal Health Care Program (each, a "Program") under 42 U.S.C. §§ 1320a-7, 1320a-7a, 1320a-7b, or §1395nn, or the Federal False Claims Act, 31 USC § 3729, or the regulations promulgated pursuant to such statutes. To the knowledge of the Company, there is no civil, criminal, administrative or other action, suit, demand, claim, hearing, investigation, proceeding, notice or demand threatened against the Company, that could reasonably be expected to result in its exclusion from participation in any Program or other third party payment programs in which the Company participates. The Company has not been sanctioned within the meaning of Social Security Act Section 1128A or any amendments thereof or debarred, excluded or suspended from participation in any federal or state health care program. In addition, neither the Company nor any of its directors or officers have been debarred or convicted of a crime for which a person or entity can be debarred under 21 U.S.C. § 335a, nor to the knowledge of the Company has the company or any of its directors or officers been threatened to be debarred or indicted for a crime or otherwise engaged in conduct for which a person or entity can be debarred.

3.14 Compliance with Applicable Laws. The Company has not violated or infringed, nor is it in violation or infringement of, any order, writ, injunction or decree of any Governmental Authority in connection with its activities or use or operation of its real properties, except where such violation or infringement would not reasonably be expected to have a Material Adverse Effect on the Company. The Company and each of its officers, directors, agents and employees are in compliance with all Applicable Laws, including, but not limited to, Applicable Laws relating to Government Programs, billing and health care fraud, the privacy of health information under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and any regulations related thereto, as well as any similar state statutes, except where such non-compliance would not reasonably be expected to have a Material Adverse Effect on the Company. Except to the extent resolved, dismissed or withdrawn, (i) to the Company's knowledge, no claims have been filed against the Company alleging a violation of any Applicable Law and (ii) the Company has not received any written notice of non-compliance with any Applicable Laws.

3.15 Compliance Program. The Company has made available to Parent a copy of the Company's current compliance program materials, including all program descriptions, code of conduct documents for employees, officers and independent contractors, ethics and risk area policy materials, training and education materials, auditing and monitoring protocols, reporting mechanisms, and disciplinary policies. The Company (i) is not a party to a Corporate Integrity Agreement with the Office of the Inspector General of the Department of Health and Human Services, (ii) has no reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority, (iii) to its knowledge, has not been the subject of any Government Program investigation conducted by any governmental body, (iv) has not been a defendant in any *qui tam*/False Claims Act litigation (other than by reason of an unsealed complaint of which the Company has no knowledge), and (v) has not been served with or received any search warrant, subpoena, civil investigation demand, contact letter, or to the Company's knowledge, telephone or personal contact by or from any governmental body. For purposes of this Agreement the term "compliance program" refers to programs of the type described in the compliance guidance published by the Office of the Inspector General of the Department of Health and Human Services.

3.16 Permits. The Disclosure Schedule sets forth those approvals, authorizations, certificates, consents, licenses, orders and permits and other similar authorizations of all Governmental Authorities (and all other Persons) of the Company which are necessary to conduct its business and own and operate its properties, other than those the failure of which to have would not have a Material Adverse Effect on the Company (the "Permits"). Each Permit is valid and in full force and effect and none of the Permits will be terminated, revoked, modified or become terminable or impaired in any respect by reason of the Merger except as would not have a Material Adverse Effect on the Company. The Company has conducted its business in compliance with all terms and conditions of the Permits, except where such non-compliance would not reasonably be expected to have a Material Adverse Effect on the Company.

3.17 Inventories. All inventories of the Company reflected in the Latest Balance Sheet (a) are salable in the ordinary course of business, (b) conform to the specifications established therefor, and (c) have been manufactured in accordance with all Applicable Laws, except to the extent as would not reasonably be expected to have a Material Adverse Effect on the Company. The present quantities of all inventory, materials and supplies of the Company are reasonable in the present circumstances of the business of the Company, taken as a whole, as currently conducted, except for items that are obsolete or below standard quality, all of which are immaterial to the overall financial condition of the Company, taken as a whole.

3.18 Receivables. The accounts receivables and other receivables reflected on the Latest Balance Sheet, and those arising in the ordinary course of business after the date thereof, have arisen from bona fide transactions in the ordinary course of business, are not subject to valid counterclaims or setoffs.

3.19 Payables. The Disclosure Schedule contains a listing of all outstanding and unpaid accounts payable that are as of the date of the Latest Balance Sheet more than sixty (60) days past due. The Disclosure Schedule will be supplemented pursuant to Section 5.8 to contain a listing of all outstanding and unpaid accounts payable that are, as of five (5) Business Days prior to the Closing Date, more than sixty (60) days past due. All account payables so listed in the Disclosure Schedule arose from bona fide transactions in the ordinary course of the Company's business.

3.20 Grants, Incentives and Subsidies. The Company (a) has no pending or outstanding grants, incentives or subsidies (collectively, "Grants") from any Governmental Authority, and (b) has applied for those Grants set forth on the Disclosure Schedule.

3.21 Litigation. There are no (a) actions, suits, claims, hearings, arbitrations, proceedings (public or private) or governmental investigations that have been brought by any Governmental Authority or any other Person, nor any claims or any investigations or reviews by any Governmental Authority against or affecting the Company, pending or, to the Company's knowledge, threatened, against or by the Company or any of its assets or which seek to enjoin or rescind the transactions contemplated by this Agreement; and (b) existing Governmental Orders naming the Company as an affected party or, to the knowledge of the Company, otherwise affecting any of the assets or the business of the Company.

3.22 Contracts.

(a) The Disclosure Schedule lists the following Contracts to which the Company is a party or is subject, or by which any of its assets are bound (collectively, the "Scheduled Contracts"):

(i) Each Contract providing for the lease of real property by the Company or real property which is used by Company in connection with the operation of its business.

(ii) Each Contract relating to the acquisition, lease, or maintenance of all machinery, tools, equipment, motor vehicles, rolling stock and other tangible personal property (other than inventory and supplies) owned, leased or used by the Company, except for items which do not, in the aggregate, have a total value of more than $50,000 or having a remaining term of longer than six (6) months or that are not cancelable by the Company in its discretion and without penalty upon notice of sixty (60) days or less.

(iii) Each Contract to which the Company is a party that would reasonably be expected to involve payments by or to the Company in excess of $50,000 in any given calendar year or the termination of which by any other party thereto would have a Material Adverse Effect on the Company.

(iv) All Contracts relating to, or evidences of, or guarantees of, or providing security for, indebtedness for borrowed money or the deferred purchase price of property (whether incurred, assumed, guaranteed or secured by any asset).

(v) Each independent sales representative or distribution agreement, supply agreement or similar Contract relating to or providing for the marketing or manufacturing of the Company's products, which agreement is not terminable upon sixty (60) days notice or less without penalty therefor or which involves payments of in excess of $50,000.

(vi) Each consulting, development, joint development, research and development regulatory or similar Contract relating to development of the Company's Products or material Intellectual Property and each Contract under which the Company has granted or obtained a license to Intellectual Property, other than commercial software licenses.

(vii) All acquisition, partnership, joint venture, teaming arrangements or other similar Contracts.

(viii) Any Contract under which the Company has agreed not to compete or has granted to a third party an exclusive right that restricts or otherwise adversely affects the ability of the Company to conduct its business.

(ix) All Benefit Plans.

(x) All Contracts with any "disqualified individual" (as defined in Section 280G(c) of the Code) which contains any severance or termination pay liabilities which would result in a disallowance of the deduction for any "excess parachute payment" (as defined in Section 280G(b)(l) of the Code) under Section 280G of the Code.

(xi) Every Contract between the Company and any of the Company's officers, directors or more than 5% stockholders, or any entity in which any of the Company's officers, directors or more than 5% stockholders has a greater than 2% equity interest.

(xii) All Contracts for clinical or marketing trials relating to the Company's Products and all Contracts with physicians, hospitals or other health care providers, or other scientific or medical advisors.

(xiii) All material Contracts not identified in clause (xii) that relate to the Company's compliance with or obligation to comply with the requirements of the HIPAA Privacy, Security and Other Administrative Simplification Regulations, including without limitation all business associate agreements, subcontractor agreements, administrative service agreements, confidentiality agreements and similar contracts.

(b) The Company has made available to Parent true and correct copies (or summaries, in the case of any oral Contracts) of all Scheduled Contracts. None of the Scheduled Contracts contain a provision requiring the consent of any party with respect to the consummation of the transaction contemplated herein. No notice of material default arising under any Scheduled Contract has been delivered to or by the Company. Each Scheduled Contract is a legal, valid and binding obligation of the Company and each other party thereto, enforceable against each such party thereto in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and subject to general principles of equity, and neither the Company nor, to the knowledge of the Company, the other party thereto is in breach, violation or default thereunder except for such breach, violation or default as would not, either individually or in the aggregate, have a Material Adverse Effect on the Company.

3.23 Benefit Plans.

(a) The term "Plan" means every plan, fund, Contract, program and arrangement (formal or informal, whether written or not) that the Company or any other ERISA Affiliate sponsors, maintains or contributes to, is required to contribute to, or has or could reasonably be expected to have any liability of any nature with respect to, whether known or unknown, direct or indirect, fixed or contingent, for the benefit of present or former employees of the Company and/or its ERISA Affiliates (the "Employees") including, without limitation, those intended to provide: (i) medical, surgical, health care, hospitalization, dental, vision, life insurance, death, disability, legal services, severance, sickness, accident or other welfare benefits (whether or not defined in Section 3(1) of ERISA), (ii) pension, profit sharing, stock bonus, retirement, supplemental retirement or deferred compensation benefits (whether or not tax qualified and whether or not defined in Section 3(2) of ERISA), (iii) bonus, incentive compensation, option, stock appreciation right, phantom stock or stock purchase benefits or (iv) salary continuation, paid time off, supplemental unemployment, current or deferred compensation (other than current salary or wages paid in the form of cash), termination pay, vacation or holiday benefits (whether or not defined in Section 3(3) of ERISA). "ERISA" means the Employee Retirement Income Security Act of 1974, as amended. "ERISA Affiliates" means each Subsidiary of the Company and any trade or business (whether or not incorporated) that is part of the same controlled group under, common control with, or part of an affiliated service group that includes the Company within the meaning of Code Section 414(b), (c), (m) or (o).

(b) Section 3.23(b) of the Disclosure Schedule sets forth each ERISA Affiliate and Plan by name.

(c) There are no Plans subject to Title IV of ERISA or Code Section 412 and neither he Company nor any ERISA Affiliate has ever maintained a Plan subject to Title IV or ERISA or Code Section 412.

(d) No employer other than the Company or an ERISA Affiliate is permitted to participate or participates in the Plans. No leased employees (as defined in Section 414(n) of the Code) or independent contractors are eligible for, or participate in, any Plan.

(e) Neither the Company nor any ERISA Affiliate has any liability resulting from past membership in a Code Section 414 controlled group of corporations that would result in a Material Adverse Affect to the Company. No Plan is a multiple employer plan or multiemployer plan under Code Section 413(c) or 414(f), and none of the Company or any other ERISA Affiliate has ever contributed to a "multiemployer plan" (as such term is defined in Sections 3(37) or 4001(a)(3) of ERISA).

(f) There are no Plans which promise or provide health, life or other welfare benefits to retirees or former employees of the Company and/or its ERISA Affiliates, or which provide severance benefits to Employees, except as otherwise required by Code Section 4980B or comparable state statute or other law which provides for continuing health care coverage.

(g) No Plan that is intended to be qualified under Section 401(a) of the Code has received or committed to receive a transfer of assets and/or liabilities or spin-off from another plan, except transfers which qualify as transfers from eligible rollover distributions within the meaning of Code Section 402(c)(4).

(h) With respect to all Plans, to the extent that the following documents exist, the Company has made available to Buyer true and complete copies of: (i) the most recent determination letter, if any, received by the Company and/or its ERISA Affiliates from the IRS, (ii) all pending applications for rulings, determinations, opinions, no action letters and the like filed with any governmental agency (including the DOL and the IRS), (iii) the Annual Report/Return (Form Series 5500) with financial statements, if any, and attachments for the three most recent plan years, (iv) Plan documents, summary plan descriptions, trust agreements, insurance Contracts, service agreements and all related Contracts and documents (including any employee summaries and material employee communications) and (v) all closing letters, audit finding letters, revenue agent findings and similar documents issued by a Governmental Authority.

(i) Each Plan has at all times been operated in material compliance with ERISA, the Code, any other applicable law (including all reporting and disclosure requirements thereby) and the terms of such Plan. With respect to each Plan that is intended to be qualified under Section 401(a) and/or 4975(e)(7) of the Code, each such Plan has been determined by the IRS to be so qualified, and each trust forming a part thereof has been determined by the IRS to be exempt from Tax pursuant to Section 501(a) of the Code. To the knowledge of the Company, no reason exists which would cause such qualified status to be revoked. To the knowledge of the Company, no non-exempt prohibited transactions under Section 406 or 407 of ERISA or Section 4975 of the Code have occurred with respect to any Plan that would reasonably be expected to subject such Plan or the Company or applicable ERISA Affiliate to any material penalty under the Code or ERISA.

(j) No state of facts or conditions exist which could reasonably be expected to subject the Company and/or any ERISA Affiliate to any material liability (other than routine claims for benefits) with respect to any Plan or voluntary employees' beneficiary association within the meaning of Section 501(c)(9) of the Code under applicable Law.

(k) All material contributions, premiums, fees or charges due and owing to or in respect of any Plan for periods on or before the Closing have been or will be paid in full by the Company and its ERISA Affiliates prior to the Closing in accordance with the terms of such Plan and all applicable laws, and no material Taxes are owing on the part of the Company as a result of any Plan.

(l) The Company and its ERISA Affiliates have not committed to make any material increase in contributions or benefits under any Plan that would become effective either on or after the Closing Date.

(m) No Plan is currently under audit or examination by the IRS or the DOL. There are no pending or, to the Company's knowledge, threatened, audits, investigations, claims, suits, grievances or other proceedings.

(n) The events contemplated in this Agreement will not trigger, or entitle any current or former employee of the Company to, severance, termination, change in control payments or accelerated vesting under any Plan, and will not result in any material Tax or other liability payable by any Plan or, with respect to any Plan, by the Company or any ERISA Affiliate.

(o) Benefits provided to participants under each Plan (other than a tax qualified plan under Code Section 401(a) or a plan established under Code Section 408(p)) are provided exclusively from insurance policies or the general assets of the Company and/or its ERISA Affiliates.

(p) The Company and/or its ERISA Affiliates can terminate each Plan without material liability to the Company and/or its ERISA Affiliates. No action or omission of the Company, any ERISA Affiliate or any director, officer, employee, or agent thereof in any way restricts, impairs or prohibits Parent, the Company, any ERISA Affiliate or any successor from amending, merging, or terminating any Plan in accordance with the express terms of any such Plan and applicable law.

(q) To the knowledge of the Company, there are no facts or circumstances that could reasonably be expected to, directly or indirectly, subject the Company or any ERISA Affiliate to any (i) excise Tax or other liability under Chapters 43, 46 or 47 of Subtitle D of the Code, (ii) penalty Tax or other liability under Chapter 68 of Subtitle F of the Code or (iii) civil penalty, damages or other liabilities arising under Section 502 of ERISA.

(r) None of the Company or its ERISA Affiliates have established or contributed to, is required to contribute to or has or could reasonably be expected to have any liability of any nature, whether known or unknown, direct or indirect, fixed or contingent, with respect to any "voluntary employees' beneficiary association" within the meaning of Section 501(c)(9) of the Code, "welfare benefit fund" within the meaning of Section 419 of the Code, "qualified asset account" within the meaning of Section 419A of the Code, or "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA.

(s) All Nonqualified Deferred Compensation Plans (as defined in Code Section 409A(d)(1)) of the Company are in material compliance with Code Section 409A.

(t) The exercise price of each Company Stock Option granted under the Company Stock Option Plan is not less than the fair market value, determined in accordance with Section 409A of the Code, of a Share of the underlying Company Common Stock on the date such Company Stock Option was granted. No Company Stock Option granted under the Company Stock Option Plan provides for a deferral of compensation under Section 409A of the Code and Treasury Regulations Section 1.409A-1(b)(5).

3.24 Labor and Employment Matters.

(a) To the Company's knowledge, no executive employee of the Company and no group of employees of the Company or any Subsidiary has any plans to terminate his, her or their employment. Each of the Company and the Subsidiaries has complied in all material respects at all times with all applicable laws relating to employment and employment practices and those relating to the calculation and payment of wages (including overtime pay, maximum hours of work and child labor restrictions), equal employment opportunity (including laws prohibiting discrimination and/or harassment or requiring accommodation on the basis of race, color, national origin, religion, gender, disability, age, sexual orientation or other protected characteristic), affirmative action and other hiring practices, occupational safety and health, workers compensation, unemployment, the payment of social security and other taxes, and unfair labor practices under the National Labor Relations Act or applicable state law. Neither the Company nor any Subsidiary has any labor relations problem pending or, to the Company's knowledge, threatened and its labor relations are satisfactory. There are no material workers' compensation claims pending against the Company or any Subsidiary or, to the Company's knowledge, any facts that would give rise to such a claim. There has been no lay-off of employees or work reduction program undertaken by or on behalf of the Company or any Subsidiary in the past two years, and no such program has been adopted by the Company or any Subsidiary or publicly announced. Each of the Company and the Subsidiaries has paid in full to all employees all material wages, salaries, bonuses and commissions due and payable to such employees and has fully reserved in its books of account all amounts for wages, salaries, bonuses and commissions due but not yet payable to such employees.

(b) Section 3.24(b) of the Disclosure Schedule lists each employee of the Company as of the date of this Agreement who holds a temporary work authorization, including H-1B, L-1, F-1 or J-1 visas or work authorizations (the "Work Permits"), and shows for each such employee the type of Work Permit and the length of time remaining on such Work Permit. With respect to each Work Permit, all of the information that the Company or any Subsidiary provided to the Department of Labor and the Immigration and Naturalization Service or the Department of Homeland Security (collectively, the "Department") in the application for such Work Permit was true and complete in all material respects. The Company or a Subsidiary received the appropriate notice of approval from the Department with respect to each such Work Permit, and all such employees are eligible to work in the United States. For each employee of the Company or any Subsidiary hired after November 6, 1986, the Company or such Subsidiary has retained an Immigration and Naturalization Service Form I-9, completed in accordance with applicable Law.

(c) Except as listed on Section 3.24(c) of the Disclosure Schedule, neither the Company nor any Subsidiary is bound by any oral or written employee collective bargaining agreement or employment agreement, and to the extent any such agreements exist, copies have been provided by the Company to Parent prior to the date hereof.

(d) All noncompetition, nonsolicitation and/or confidentiality/nondisclosure agreements currently in force between the Company and employees of the Company or of any Subsidiary, or with third parties are listed on Section 3.24(d) of the Disclosure Schedule, and complete copies have been provided by the Company in due diligence.

(e) Except as listed on Section 3.24(e) of the Disclosure Schedule, no litigation is pending or, to the Company's knowledge, threatened respecting or involving any applicant for employment, any current employee or any former employee, or any class of the foregoing.

3.25 Intellectual Property.

(a) The term "Intellectual Property" means the following rights: (i) all rights in patents and patent applications and subject matter under consideration for patenting; (ii) trademarks, service marks, trade names, trade dress, material logos, material slogans, material tag lines, and other material designators of origin (all whether registered or not); (iii) uniform resource locators, Internet domain name registrations, Internet domain name applications ("Internet Names"); (iv) names or account names registered with social media sites ("Social Media Names"); (v) copyright applications and registered copyrighted works (including without limitation, proprietary software, product documentation, and website content); (vi) material trade secrets; and (vii) material know-how. Section 3.25(a) of the Disclosure Schedule is a full and complete listing and description of all Intellectual Property that the Company owns ("Company Intellectual Property"), other than the Company Intellectual Property covering subject matter under consideration for patenting or contemplated by Sections 3.25(a)(i) through (v) and sets forth, with the owner name, country(ies) or regional scope, and any applicable registration and application numbers and dates indicated. For the Company Intellectual Property contemplated by Sections 3.25(a)(vi) and (vii), Section 3.25(a) of the Disclosure Schedule generally describes the subject matter of the Company Intellectual Property in these categories.

(b) Section 3.25(b) of the Disclosure Schedule sets forth a full and complete listing and description of all Contracts (including any material undocumented arrangements) related to Intellectual Property, including, without limitation, pursuant to which Intellectual Property (other than off-the-shelf computer programs or commercially available computer programs licensed for a one-time fee or that have annual fees of $10,000 or less) that, by third party permission, is used or held for use by the Company in its business as presently conducted. The Company is not in breach of any material provision of any such Contract and has provided Buyer a full and complete copy of all such Contracts.

(c) The Intellectual Property listed in Sections 3.25(a) and (b) of the Disclosure Schedule constitutes all of the material intellectual property necessary for the business of the Company as now conducted or presently proposed to be conducted (without taking into account the transactions contemplated hereby).

(d) The Company owns and possesses all right, title and interest in and to all Company Intellectual Property listed in Section 3.25(a) of the Disclosure Schedule, free and clear of Liens, except for Permitted Liens and except for licenses of Company Intellectual Property to third parties listed in Section 3.25(d) of the Disclosure Schedule. The Company is the sole owner of record of all Company Intellectual Property that is the subject of an issued patent, trademark, copyright, design right or other similar registration formalizing exclusive rights or a pending application for such rights ("Registered Company Intellectual Property"). There are no royalties, fees or other payments payable by the Company to any Person by reason of the ownership, development, modification, use, license, sublicense, or sale of the Company Intellectual Property listed in Section 3.25(a) of the Disclosure Schedule other than salaries and sales commissions paid to employees and sales agents in the ordinary course of the Company's business.

(e) The Company is the sole named owner of the registrations for the Internet Names and Social Media Names listed in Section 3.25(a) of the Disclosure Schedule, and such registration are free and clear of all Liens (except for Permitted Liens).

(f) All personnel, including employees, agents, consultants and contractors, who have contributed to or participated in the conception or development, or both, of the Company Intellectual Property either (i) have been a party to "work-for-hire" arrangements or agreements with the Company in accordance with applicable national and state law that has accorded the Company ownership of all tangible and intangible property thereby arising, or (ii) have executed appropriate instruments of assignment in favor of the Company as assignee that have conveyed to the Company effective and exclusive ownership of all tangible and intangible property arising thereby, except for immaterial failures of clause (i) or (ii) above.

(g) The Company owns or has a valid and enforceable right under contract to use all computer software and databases used by the Company in the operation of its business as presently conducted.

(h) All of the Registered Company Intellectual Property that has been issued is to the Company's knowledge valid and enforceable, and the Company has no knowledge of facts showing, and has received no written notice of any party asserting, that any such Company Intellectual Property rights are invalid or not enforceable. To the Company's knowledge, the Company Intellectual Property has not been infringed by other Persons. To the Company's knowledge, no claim by any third party contesting the validity of any Company Intellectual Property has been made, received, is currently outstanding or, has been threatened. Without limiting the generality of the foregoing, all of the Intellectual Property rights that are Registered Company Intellectual Property rights are in full force and effect and all actions required as of the Closing Date to keep such rights pending or in effect, including the payment of filing, examination, annuity, and maintenance fees and the filing of renewals or statements of use have been taken. To Company's knowledge, no Registered Company Intellectual Property rights are the subject of any interference, opposition, cancellation, nullity, re-examination or other proceeding placing in question the validity or scope of such rights. The Company has used reasonable secrecy measures to protect its material trade secrets.

(i) The Company has not received any written notice of, or performed any study of, any infringement, misappropriation or violation by the Company of any rights in Intellectual Property of a third party.

(j) Company has taken commercially reasonable steps to provide for the remote-site back-up of data and information critical to the conduct of its business.

3.26 Environmental Compliance.

(a) As used in this Section 3.26 and in Section 4.19, the following terms have the following meanings:

(i) "*Environmental Costs*" means any and all costs and expenditures, including any fees and expenses of attorneys and of environmental consultants or engineers incurred in connection with investigating, defending, remediating or otherwise responding to any Release of Hazardous Materials, any violation or alleged violation of Environmental Law, any fees, fines, penalties or charges associated with any Governmental Authorization or any actions necessary to comply with any Environmental Law.

(ii) "*Environmental Law*" means any law, Governmental Authorization or Governmental Order relating to pollution, contamination, Hazardous Materials or protection of the environment.

(iii) "*Hazardous Materials*" means any dangerous, toxic or hazardous pollutant, contaminant, chemical, waste, material or substance as defined in or governed by any law relating to such substance or otherwise relating to the environment or human health or safety, including any waste, material, substance, pollutant or contaminant that might cause any injury to human health or safety or to the environment or might subject the owner or operator of the Property to any Environmental Costs or liability under any Environmental Law.

(iv) "*List*" means the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or any other list, schedule, log, inventory or record, however defined, maintained by any Governmental Authority with respect to sites from which there has been a Release of Hazardous Materials.

(v) "*Property*" means real property owned, leased, controlled or occupied by the Company or any Subsidiary, or Parent, as the case may be, at any time, excluding any public storage facilities.

(vi) "*Regulatory Action*" means any litigation with respect to the Company or any Subsidiary, or Parent, as the case may be, brought or instigated by any Governmental Authority in connection with any Environmental Costs, Release of Hazardous Materials or any Environmental Law.

(vii) "*Release*" means the spilling, leaking, disposing, discharging, emitting, depositing, ejecting, leaching, escaping or any other release or threatened release, however defined, whether intentional or unintentional, of any Hazardous Material.

(viii) "*Third-Party Environmental Claim*" means any litigation (other than a regulatory action) based on negligence, trespass, strict liability, nuisance, toxic tort or any other cause of action or theory relating to any Environmental Costs, Release of Hazardous Materials or any violation of Environmental Law.

(b) No Third-Party Environmental Claim or Regulatory Action is pending or, to the Company's knowledge, threatened against the Company or any Subsidiary.

(c) No Property is listed on a List.

(d) All transfer, transportation or disposal of Hazardous Materials by the Company or any Subsidiary to properties not owned, leased or operated by the Company or any Subsidiary has been in compliance in all material respects with applicable Environmental Law. To the Company's knowledge, the Company has not transported or arranged for the transportation of any Hazardous Materials to any location that is: (i) listed on a List; (ii) listed for possible inclusion on any List; or (iii) the subject of any Regulatory Action or Third-Party Environmental Claim.

(e) To the knowledge of the Company, no Property has ever been used as a landfill, dump or other disposal, storage, transfer, handling or treatment area for Hazardous Materials, or as a gasoline service station or a facility for selling, dispensing, storing, transferring, disposing or handling petroleum and/or petroleum products.

(f) To the knowledge of the Company, there has not been any Release of any Hazardous Material on, under, about, from or in connection with the Property, including the presence of any Hazardous Materials that have come to be located on or under the Property from another location.

(g) To the knowledge of the Company, during the Company's occupancy or use thereof, the Property has been used and operated in compliance in with all applicable Environmental Law.

(h) Each of the Company and the Subsidiaries has obtained all Governmental Authorizations relating to the Environmental Law necessary for operation of the Company, each of which is listed on Section 3.26(h) of the Disclosure Schedule. All Governmental Authorizations relating to the Environmental Law will be valid and in full force and effect upon consummation of the transactions contemplated by this Agreement. Each of the Company and its Subsidiaries has filed all material reports and notifications required to be filed under and pursuant to all applicable Environmental Law.

(i) At all times during the Company's occupancy or use thereof, no Hazardous Materials have been generated, treated, contained, handled, located, used, manufactured, processed, buried, incinerated, deposited or stored on, under or about any part of the Property. Any aboveground or underground storage tanks located on, under or about the Property have been duly registered with all appropriate Governmental Authorities and are otherwise in compliance in all material respects with all applicable Environmental Law.

(j) No material expenditure will be required in order to comply with any Environmental Law in effect at the time of Closing in connection with the operation or continued operation of the Property in a manner consistent with the present operation thereof.

(k) All environmental reports and investigations in the possession of the Company or any of its Subsidiaries with respect to the Company, any Subsidiary of the Company or the Property are listed on Section 3.26(k) of the Disclosure Schedule.

(l) No Lien has been attached or filed against the Company or any Subsidiary in favor of any Person for: (i) any liability under or violation of any applicable Environmental Law; (ii) any Release of Hazardous Materials; or (iii) any imposition of Environmental Costs.

3.27 Insurance. The Disclosure Schedule contains an accurate and complete list of all insurance policies owned or held by the Company, including, but not limited to, fire and other casualty, general liability, theft, life, workers' compensation, health, directors and officers, business interruption and other forms of insurance owned or held by the Company, specifying the insurer the policy number, and the term of the coverage. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, (i) all present policies are in full force and effect and all premiums with respect thereto have been paid, and (ii) the Company has not been denied any form of insurance and no policy of insurance has been revoked or rescinded during the past five years.

3.28 Tax Matters.

(a) The Company has (i) timely filed (or has had timely filed on its behalf) all Tax Returns required to be filed, and all such Tax Returns are true, correct and complete; (ii) timely and properly paid all Taxes due and payable for all Tax periods or portions thereof, whether or not shown on such Tax Returns; (iii) established in the Company's books of account, in accordance with GAAP and consistent with past practices, adequate reserves for the payment of any Taxes not yet due and payable; and (iv) complied with all applicable laws relating to the withholding of Taxes and the payment thereof.

(b) There are no Liens (other than Permitted Liens) for Taxes upon any assets of the Company.

(c) No deficiency for any Taxes has been proposed, asserted or assessed against the Company that has not been resolved and paid in full. No waiver, extension or comparable consent given by the Company regarding the application of the statute of limitations with respect to any Taxes or Tax Return is outstanding, nor is any request for any such waiver or consent pending. There is no pending Tax audit or other administrative proceeding or court proceeding with regard to any Taxes or Tax Return for any Tax year of the Company, nor has there been any notice to the Company by any Governmental Authority regarding any such Tax audit or other proceeding, nor is any such Tax audit or other proceeding threatened with regard to any Taxes or Tax Returns of the Company.

(d) The Company has no Liability for Taxes in a jurisdiction where it does not file a Tax Return, nor has the Company received notice from a Taxing Authority in such a jurisdiction that it is or may be subject to taxation by that jurisdiction.

(e) All transactions that could give rise to an underpayment of Tax (within the meaning of Section 6662 of the Code) were reported by the Company in a manner for which there is substantial authority or were adequately disclosed on the Tax Returns as required in accordance with Section 6662(d)(2)(B) of the Code.

(f) The Company is not a party to any agreement, contract, arrangement or plan that has resulted or could result, separately or in the aggregate, in connection with this Agreement, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code, and the consummation of the transactions contemplated by this Agreement will not be a factor causing payments to be made that are not deductible (in whole or in part) as a result of the application of Section 280G of the Code.

(g) The Company has not been a member of any joint venture, partnership, contract or other arrangement that is treated as a "partnership" for federal, state, local or foreign income Tax purposes. The Company does not own any interest in an entity that is classified as an entity that is "disregarded as an entity separate from its owner" under Treasury Regulations Section 301.7701-3(b).

(h) The Company (i) has not been a member of an affiliated group filing a consolidated Return, and (ii) has no Liability for the Taxes of any Person (other than the Company) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise.

(i) The Company is not required to include in income any adjustment under Section 481(a) of the Code by reason of a voluntary change in accounting method initiated by the Company, and the IRS has not proposed any such adjustment or change in accounting method.

(j) The Company is not, and has not been at any time, a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code.

(k) The Company is not a party to or bound by any obligations under any Tax sharing, Tax allocation, Tax indemnity or similar agreement or arrangement.

(l) The Company has not engaged in any reportable or listed transaction as defined under Section 6011 of the Code and the Treasury Regulations promulgated thereunder or under any similar provision of state law.

3.29 Bank Accounts; Powers of Attorney. The Disclosure Schedule sets forth: (a) the names of all financial institutions, investment banking and brokerage houses, and other similar institutions at which the Company maintains accounts, deposits, safe deposit boxes of any nature, and the names of all persons authorized to draw thereon or make withdrawals therefrom and a description of such accounts; and (b) the names of all persons or entities holding general or special powers of attorney from the Company and copies thereof.

3.30 Orders, Commitments and Returns. All accepted and unfulfilled orders for the sale of Products and the performance of services entered into by the Company and all outstanding contracts or commitments for the purchase of supplies, materials and services by or from the Company were made in bona fide transactions in the ordinary course of business. There are no material claims pending against the Company received in writing to return Products purchased pursuant to purchase orders by reason of alleged over-shipments, defective Products or otherwise, or of products in the hands of customers or retailers under an understanding that such Products would be returnable.

3.31 Product Liability Claims. The Company has not ever received a claim, or incurred any uninsured or insured liability, for or based upon failure to warn, breach of product warranty (other than warranty service and repair claims incurred in the ordinary course of business and expensed as warranty expense on the Latest Financial Statements for the period in which incurred), strict liability in tort, general negligence, negligent manufacture of product, negligent provision of services or any other allegation of liability, including or resulting in, but not limited to, product recalls, arising from the materials, design, testing, manufacture, packaging, labeling (including instructions for use) or sale of its Products or from the provision of services, that has resulted in, or would reasonably be expected to result in, a Material Adverse Effect on the Company.

3.32 Warranties. All Products manufactured or sold, and all services provided, by the Company have complied, and are in compliance with all contractual requirements, warranties or covenants applicable thereto, and with all applicable governmental, trade association or regulatory specifications therefor or applicable thereto except where such non-compliance would not have a Material Adverse Effect on the Company. The terms of all standard product and service warranties and product return, sales credit, discount, demo sales and credit policies of the Company are specifically set forth in the Disclosure Schedule. No product or service manufactured, sold, delivered, or performed by the Company pursuant to any Contract set forth on Section 3.22(a)(iii) of the Disclosure Schedule is subject to any guaranty, warranty or other indemnity that materially deviates from such standard terms and that could have a Material Adverse Effect on the Company if breached, except to the extent identified in the Disclosure Schedule.

3.33 Relations with Suppliers and Customers. No current supplier of the Company from which the Company purchased more than 5% of the goods and services it purchased during the last full fiscal year has canceled any contract or order for provision of, and there has been no threat by any such supplier not to provide, raw materials, products, supplies or services to the business of the Company either prior to or following the Effective Time. The Company has not received any written notice from any customer during the last full fiscal year to the effect that such customer intends to decrease the amount of business it does with the Company either prior to or following the Effective Time, and the Company has not received any written complaint of a material nature from any such customer, in any case which would reasonably be expected to result in a Material Adverse Effect on the Company. The Disclosure Schedule lists each supplier to the Company (i) from which the Company purchased more than 5% of the goods and services it purchased during the last full fiscal year and (ii) that is the source of a particular raw material, product, supply or service with respect to which locating and qualifying a replacement source would involve significant cost or delay.

3.34 Indemnification Obligations. None of the Contract set forth in Section 3.22(a)(iii) of the Disclosure Schedule contain any provisions requiring the Company to indemnify any Person (excluding indemnities contained in the Company's standard terms and conditions of sale, copies of which have been provided to Parent), except for those Contracts identified in the Disclosure Schedule as containing indemnification provisions that materially deviate from such standard terms and conditions.

3.35 Brokers. Except as provided in the Disclosure Schedule, neither the Company nor any of its directors, officers or employees has employed any broker, finder, or financial advisor or incurred any liability for any brokerage fee or commission, finder's fee or financial advisory fee, in connection with the transactions contemplated hereby.

3.36 Investigation by Parent. Notwithstanding anything to the contrary in this Agreement, (a) no investigation by Parent shall affect the representations and warranties of the Company under this Agreement or contained in any other writing to be furnished to Parent in connection with the transactions contemplated hereunder, and (b) such representations and warranties shall not be affected or deemed waived by reason of the fact that Parent knew or should have known that any of the same is or might be inaccurate in any respect.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF
PARENT AND MERGER SUBSIDIARY

Except as set forth in the Disclosure Schedule delivered by Parent and Merger Subsidiary to the Company on the date hereof (the "Parent Disclosure Schedule") and except as otherwise specifically disclosed in the Parent SEC Reports (as defined below) filed by Parent prior to and including the date of this Agreement, including, its Form 10-K filed March 31, 2010 (but expressly excluding in each case materials included as exhibits thereto and any risk factors or other general cautionary or forward-looking language contained in such Parent SEC Reports and provided that any disclosure in the Parent SEC Reports shall qualify such a section or subsection of this Article 4 only to the extent to which the applicability of such disclosure is reasonably apparent and in any event any disclosure in the Parent SEC Reports shall not qualify Sections 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.21 or 4.23 of this Agreement), Parent and Merger Subsidiary hereby represent and warrant to the Company as follows (the Parent Disclosure Schedule is arranged in sections corresponding to the sections and subsections of this Article 4, and disclosure in one section of the Parent Disclosure Schedule shall constitute disclosure for all other sections of the Parent Disclosure Schedule only to the extent to which the applicability of such disclosure is reasonably apparent):

4.1 Organization and Qualification. Parent and Merger Subsidiary are corporations duly organized, validly existing and in good standing under the laws of their respective states of incorporation and each has all requisite corporate power and authority required to own, operate and lease their respective assets and properties as now owned, leased and operated and to carry on their respective businesses as now being conducted. Parent and Merger Subsidiary are each duly qualified or licensed to do business as a foreign corporation and are in good standing in every jurisdiction in which the character or location of their properties and assets owned, leased or operated by them or the nature of their business require such licensing or qualification, except where the failure to be so qualified, licensed or in good standing in such other jurisdiction would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Parent or Merger Subsidiary. Merger Subsidiary is a recently formed Delaware corporation that has not conducted, and prior to the Effective Time will not conduct, any activities other than those incident to its formation and in connection with the consummation of the Merger.

4.2 Certificate of Incorporation of Company; Minutes; Subsidiaries. Each of Parent and Merger Subsidiary has heretofore made available to the Company complete and accurate copies of (i) its Certificate of Incorporation and Bylaws, as currently in effect, and (ii) the minutes (or in the case of minutes that have not yet been finalized, a brief summary of the meeting) of all meetings of the shareholders of Parent, the Parent Board of Directors and each committee of the Parent Board of Directors since June 1, 2010. Neither Parent (except with respect to Merger Subsidiary) nor Merger Subsidiary, directly or indirectly, owns or controls any capital, equity, partnership, participation or other ownership interest in any corporation, partnership, joint venture or other business association or entity. Parent has been the sole stockholder and controlling party of Merger Subsidiary since the formation of Merger Subsidiary and Parent will be the sole stockholder and controlling party of Merger Subsidiary immediately prior to and as of the Effective Time.

4.3 Authorization. Parent and Merger Subsidiary have all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated hereunder. This Agreement has been, and each of the agreements, if any, required by Article 7 to be entered into by Parent or Merger Subsidiary, will be, duly and validly executed and delivered by each of them and, assuming the due authorization, execution and delivery by the Company of this Agreement, constitutes the legal, valid and binding obligations of Parent and Merger Subsidiary enforceable against each of them in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and rules of law governing specific performance, injunctive relief or other equitable remedies.

4.4 Capitalization.

(a) The authorized capital stock of Parent consists of 15,000,000 shares of Parent Common Stock. As of the date hereof, there are 4,305,026 shares of Parent Common Stock issued and outstanding and no shares of Parent Common Stock held in Parent's treasury. No shares of Parent Common Stock have been issued between March 31, 2011 and the date hereof. All issued and outstanding shares of Parent Common Stock are duly authorized, validly issued, fully paid and nonassessable, and no class of capital stock of Parent is entitled to (or has been issued in violation of) preemptive rights. Except as set forth on Section 4.4 of the Parent Disclosure Schedule, there are no other outstanding (w) shares of capital stock or other voting securities of Parent, (x) securities of Parent or any of its subsidiaries convertible into or exchangeable for shares of capital stock or voting securities of Parent, (y) options, warrants, conversion privileges, contracts, understandings, agreements or other rights to purchase or acquire from Parent or any of its subsidiaries, and, no obligations of Parent or any of its subsidiaries to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of Parent, and (z) equity equivalent interests in the ownership or earnings of Parent or any of its subsidiaries or other similar rights (collectively, "Parent Securities"). There are no outstanding obligations of Parent to repurchase, redeem or otherwise acquire any Parent Securities. Except for the Parent Voting Agreements, there are no stockholder agreements, voting trusts or other agreements or understandings to which Parent is a party or by which it is bound relating to the voting or registration of any shares of capital stock of Parent.

(b) The authorized capital stock of Merger Subsidiary consists of 1,000 shares of common stock, par value $0.01 per share, all of which are duly authorized, validly issued, fully paid and nonassessable and free of any preemptive rights in respect thereof and all of which are owned by Parent.

4.5 Valid Issuance of Parent Common Stock. The shares of Parent Common Stock to be issued in connection with the Merger, when issued and delivered in accordance with the terms hereof, will be duly and validly issued, fully paid and nonassessable and will be issued in compliance with all applicable federal and state securities laws; provided, however, that such shares of Parent Common Stock will be subject to restrictions on transfer of shares of capital stock imposed by the rules and regulations of the Securities Act, the Exchange Act or state securities laws.

4.6 Non-Contravention. Neither the execution, delivery and performance of this Agreement by Parent and Merger Subsidiary nor the consummation of the transactions contemplated hereby will: (a) violate any provision of the Articles of Incorporation or Certificate of Incorporation, as applicable, Bylaws or other governing document of Parent and Merger Subsidiary; (b) violate any statute, rule, regulation, order, or decree of any federal, state, local, or foreign body or authority by which Parent or Merger Subsidiary or any of their respective properties or assets may be bound; (c) result in the creation or imposition of any Lien on any of the assets of Parent or Merger Subsidiary, other than Permitted Liens; or (d) result in any violation or breach of, or constitute (with or without due notice or lapse of time or both) a default under, result in the loss of any material benefit under, or give rise to any right of termination, cancellation, increased payments, or acceleration under, any of the terms, conditions, or provisions of any note, bond, mortgage, indenture, license, franchise, permit, authorization, agreement, or other instrument or obligation to which Parent or Merger Subsidiary is a party, or by which it or any of its properties or assets may be bound, except, (x) in the cases of clauses (b) or (d), where such violations, breaches, defaults, or other occurrences that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Parent or Merger Subsidiary.

4.7 Consents and Approvals. No Consent of, with or from any Person or any Governmental Authority is required by Parent or Merger Subsidiary in connection with the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby, except for (i) any applicable requirements of the Securities Act, the Exchange Act, state takeover or securities laws, the rules of the OTCBB and the HSR Act, (ii) the vote of the shareholders of Parent to approve this Agreement, the Merger and the other items recommended for their approval at the Parent Annual Meeting in accordance with Section 5.7(b) of this Agreement, and (iii) the filing and recordation of the Certificate of Merger as required by the DGCL.

4.8 Parent SEC Documents; Financial Reports.

(a) Parent has filed with the SEC, at or prior to the time due, and has heretofore made available to the Company true and complete copies of, all forms, reports, schedules, registration statements and definitive proxy statements required to be filed by it with the SEC under Applicable Laws for the three (3) years preceding the date hereof (together with all information incorporated therein by reference, the "Parent SEC Reports"). As of their respective dates, the Parent SEC Reports complied in all material respects with the requirements of the Exchange Act or the Securities Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such Parent SEC Reports. As of their respective dates, as of the Closing Date and as of the date any information from such Parent SEC Reports has been incorporated by reference, the Parent SEC Reports did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Since the last day of the quarter end reported upon by Parent by the filing with the SEC of Parent's most recent Quarterly Report on Form 10-Q, with respect to Parent and the Merger Subsidiary, there has not been any change, effect, event, occurrence, state of facts or development that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect on Parent or Merger Subsidiary. As of the date hereof, there are no outstanding or unresolved comments in comment letters received from the SEC staff with respect to any of the Parent SEC Documents.

(b) Each of the financial statements of Parent (including the related notes) included or incorporated by reference in the Parent SEC Reports (including any similar documents filed after the date of this Agreement) comply as to form and content in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted in Form 10-Q under the rules and regulations of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly and accurately present the consolidated financial position of Parent and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject to normal year-end adjustments in the case of any unaudited interim financial statements). Except as and to the extent reflected in the financial statements (the "Parent Latest Financials") of Parent included or incorporated by reference in the Form 10-Q filed by Parent on March 31, 2011, Parent has no Liabilities except (i) Liabilities incurred in the ordinary course of business and not required to be set forth in the Parent Latest Financials, (ii) Liabilities that have arisen after the date of the Parent Latest Financials in the ordinary course of business, consistent with past custom and practice, (iii) Liabilities disclosed on Section 4.8 of the Parent Disclosure Schedule, or (iv) Liabilities under Contracts set forth on Section 4.17 of the Parent Disclosure Schedule.

(c) There is no outstanding indebtedness payable by any director or officer of Parent to Parent.

(d) Parent has heretofore furnished or made available to the Company complete and correct copies of all amendments and modifications that have not been filed by Parent with the SEC to all agreements, documents and other instruments that previously had been filed by Parent with the SEC and are currently in effect.

4.9 Proxy Statement; Registration Statement; Other Information. The material, information, financial statements and exhibits, taken as a whole, with respect to Parent or its Subsidiaries (i) for inclusion in the Proxy Statement or the Registration Statement or (ii) supplied in writing by Parent to the Company (and its legal counsel and accounting advisors) for inclusion in the Information Statement, will not, in the case of the Proxy Statement and the Information Statement, or any amendments thereof or supplements thereto, at the time of the mailing of the Proxy Statement or Information Statement, or any amendments or supplements thereto, and at the time of the Parent Special Meeting, or, in the case of the Registration Statement, at the time it becomes effective or at the effective time of any post-effective amendment, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation is made by Parent or Merger Subsidiary with respect to information supplied in writing by the Company or any affiliate of the Company specifically for inclusion in the Proxy Statement or the Registration Statement. Each of the Proxy Statement and Registration Statement (as it relates to Parent) will comply as to form and content in all material respects with the provisions of the Exchange Act and the Securities Act, as applicable.

4.10 Absence of Certain Changes. Except as otherwise authorized or contemplated by this Agreement, since March 31, 2011, each of Parent and Merger Subsidiary has owned and operated its assets, properties and businesses in the ordinary course of business and consistent with past practice and there has not been:

(a) any change, effect, event, occurrence, state of facts or development that individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on Parent or Merger Subsidiary;

(b) any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of Parent or Merger Subsidiary, or any repurchase, redemption or other acquisition by Parent or Merger Subsidiary (other than any wholly-owned subsidiary) of any outstanding shares of capital stock or other equity or debt securities of, or other ownership interests in, Parent or Merger Subsidiary;

(c) any split, combination or reclassification of the Parent Common Stock or any capital stock of Merger Subsidiary;

(d) any amendment of any provision of the Articles of Incorporation or Certificate of Incorporation, as applicable, Bylaws or other governing documents of, or of any material term of any outstanding security issued by, Parent or Merger Subsidiary;

(e) any incurrence, assumption or guarantee by Parent or Merger Subsidiary of any indebtedness for borrowed money;

(f) any change in any method of accounting or accounting practice by Parent, except for any such change required by reason of a change in GAAP and concurred with by Parent's or Merger Subsidiary's independent public accountants;

(g) issuance of any equity or debt securities of Parent or Merger Subsidiary other than pursuant to the Parent Stock Option Plan or Parent Stock Options in the ordinary course of business and consistent with past practice;

(h) acquisition or disposition of assets material to Parent or Merger Subsidiary other than the sale of certain patents to Endo Pharmaceuticals Inc. pursuant to the Patent Purchase Agreement;

(i) any creation or assumption by Parent or Merger Subsidiary of any Lien, other than Permitted Liens;

(j) any individual capital expenditure (or series of related capital expenditures) either involving more than $100,000 or outside the ordinary course of business;

(k) any material damage, destruction or loss (whether or not covered by insurance) from fire or other casualty to its tangible property;

(l) any material increase in the base salary of any officer or employee of Parent;

(m) except as set forth in the Parent Disclosure Schedule, any adoption, amendment, modification, or termination of any Benefit Plan or any other bonus, profit-sharing, incentive, severance or other similar plan for the benefit of any of its directors, officers or employees;

(n) entry by Parent or Merger Subsidiary into any joint venture, partnership or similar agreement with any person;

(o) any filing of any amended Tax Return, settlement of any Tax claim or assessment relating to Parent or Merger Subsidiary, payment of any estimated Taxes in excess of $10,000, change in method of Tax accounting, or consent to the extension or waiver of the limitations period applicable to any claim or assessment with respect to Taxes; or

(p) any authorization of, or commitment or agreement to take any of, the foregoing actions except as otherwise permitted by this Agreement.

4.11 Assets and Properties. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Parent, Parent has good and valid right, title and interest in and to or, in the case of leased properties or properties held under license, good and valid leasehold or license interests in, all of its assets and properties. Parent holds title to each such owned assets and properties free and clear of all Liens, except Permitted Liens. Merger Subsidiary owns no property or assets.

4.12 Intellectual Property.

(a) Section 4.12(a) of the Disclosure Schedule is a full and complete listing and description of all Intellectual Property that Parent owns ("Parent Intellectual Property"), other than the Parent Intellectual Property covering subject matter under consideration for patenting or contemplated by Sections 3.25(a)(i) through (v) and sets forth, with the owner name, country(ies) or regional scope, and any applicable registration and application numbers and dates indicated. All fees, taxes, annuities and other payments associated with filing, prosecuting, issuing, recording, registering or maintaining such Parent Intellectual Property have been paid through the Effective Date. For the Parent Intellectual Property contemplated by Sections 3.25(a)(vi) and (vii), Section 4.12(a) of the Parent Disclosure Schedule generally describes the subject matter of the Parent Intellectual Property in these categories.

(b) Section 4.12(b) of the Parent Disclosure Schedule sets forth a full and complete listing and description of all Contracts (including any material undocumented arrangements) related to Intellectual Property, including, without limitation, pursuant to which Parent Intellectual Property (other than off-the-shelf computer programs or commercially available computer programs licensed for a one-time fee or that have annual fees of $10,000 or less) that, by third party permission, is used or held for use by the Parent in its business as presently conducted. The Parent is not in breach of any material provision of any such Contract and has provided the Company a full and complete copy of all such Contracts.

(c) The Parent Intellectual Property listed in Sections 4.12(a) and (b) of the Parent Disclosure Schedule constitutes all of the material intellectual property necessary for the business of the Parent as now conducted or presently proposed to be conducted (without taking into account the transactions contemplated hereby).

(d) The Parent owns and possesses all right, title and interest in and to all Parent Intellectual Property listed in Section 4.12(a) of the Parent Disclosure Schedule, free and clear of Liens, except for Permitted Liens and except for licenses of Parent Intellectual Property to third parties listed in Section 4.12(d) of the Disclosure Schedule. The Parent is the sole owner of record of all Parent Intellectual Property that is the subject of an issued patent, trademark, copyright, design right or other similar registration formalizing exclusive rights or a pending application for such rights ("Registered Parent Intellectual Property"). There are no royalties, fees or other payments payable by the Parent to any Person by reason of the ownership, development, modification, use, license, sublicense, or sale of the Parent Intellectual Property listed in Section 4.12(a) of the Parent Disclosure Schedule other than salaries and sales commissions paid to employees and sales agents in the ordinary course of the Parent's business.

(e) The Parent is the sole named owner of the registrations for the Internet Names and Social Media Names listed in Section 4.12(a) of the Parent Disclosure Schedule, and such registrations are free and clear of all Liens (except for Permitted Liens).

(f) The Parent owns or has a valid and enforceable right under contract to use all computer software and databases used by the Parent in the operation of its business as presently conducted.

(g) All personnel, including employees, agents, consultants and contractors, who have contributed to or participated in the conception or development, or both, of the Parent Intellectual Property either (i) have been a party to "work-for-hire" arrangements or agreements with Parent in accordance with applicable national and state law that has accorded Parent ownership of all tangible and intangible property thereby arising, or (ii) have executed appropriate instruments of assignment in favor of Parent as assignee that have conveyed to Parent effective and exclusive ownership of all tangible and intangible property arising thereby, except for immaterial failures of clause (i) or (ii) above.

(h) All of the Registered Parent Intellectual Property that has been issued is to the Parent's knowledge valid and enforceable and the Parent has no knowledge of facts showing, and has received no written notice of any party asserting, that any such Intellectual Property rights of the Parent are invalid or not enforceable except as disclosed in Schedule 4.12(h) of the Parent Disclosure Schedules. To the Parent's knowledge, the Registered Parent Intellectual Property has not been infringed by other Persons except as disclosed in Schedule 4.12(h) of the Parent Disclosure Schedules. No claim by any third party contesting the validity of any such Registered Parent Intellectual Property has been made, received, is currently outstanding or, to the Parent's knowledge, has been threatened. Without limiting the generality of the foregoing, all of the Parent Intellectual Property rights that are Registered Parent Intellectual Property rights are in full force and effect and all actions required as of the Closing Date to keep such rights pending or in effect, including the payment of filing, examination, annuity, and maintenance fees and the filing of renewals or statements of use have been taken. No Registered Parent Intellectual Property rights are the subject of any interference, opposition, cancellation, nullity, re-examination or other proceeding placing in question the validity or scope of such rights. The Parent has used reasonable secrecy measures to protect its material trade secrets.

(i) The Parent has not received any written notice of any infringement, misappropriation or violation by the Parent of any rights in Third Party Intellectual Property.

4.13 Parent Intellectual Property Agreements.

(a) Prior to the execution of the patent purchase agreement entered into between Parent and Endo Pharmaceuticals Inc. ("Endo") on May 9, 2011 ("Patent Purchase Agreement"), Parent provided to Endo complete and correct copies of the following agreements and Endo confirmed review of such agreements: Supply and License Agreement entered into between Parent and Novartis Consumer Health, Inc. on January 1, 2004; Settlement Agreement and Mutual Release entered into between Parent and The Mentholatum Company on May 29, 2009; Settlement and License Agreement entered into between Parent and Endo on November 11, 2009; Settlement Agreement and Mutual Release entered into between Parent and Johnson & Johnson Consumer Companies, Inc. on December 18, 2009; Confidential Settlement Agreement and Mutual Release entered into between Parent and Chattem on March 23, 2011; Settlement Agreement and Mutual Release entered into between Parent and Prince of Peace Enterprises, Inc. and Haw Par Corporation Limited on April 25, 2011 (collectively "Parent Intellectual Property Agreements").

(b) At the time of execution of the Patent Purchase Agreement Parent was (subject to the Parent Intellectual Property Agreements) the sole and exclusive legal and beneficial owner of all right, title and interest worldwide, including past, present and future enforcement rights and the right to license and collect royalties, to the following patents, reexamination certificates and patent applications: U.S. Patent No. 5,536,263, U.S. Patent No. 5,741,510, U.S. Patent No. 6,096,333, U.S. Patent No. 6,096,334, U.S. Patent No. 6,361,790, Reexamination Certificate corresponding to Reexamination Request No. 90/005,877 issued on April 4, 2007 for U.S. Patent No. 5,536,263, Reexamination Certificate corresponding to Reexamination Request No. 90/005,878 issued on April 30, 2002 for U.S. Patent No. 5,741,510, Austria patent AT 269744, Australia patent AU 676623, Canada patent CA 2133598, Germany patent DE 69433859, European Patent Office patent EP 0674913, Spain patent ES 2224102, Finland patent application FI 950465, Japan patent application JP 7265353, Norway patent application NO 951217 including the right, title and interest to all continuations, continuation-in-part, divisionals of such patents and patent applications and any U.S. patents resulting from any reissue or reexamination of such patents and reexamination certificates, all U.S. and foreign counterparts claiming priority to such patents and patent applications, all foreign counterparts to any of such patents and patent applications (collectively, "Key Patents").

(c) At the time of execution of the Patent Purchase Agreement, Parent had obtained all third party consents, approvals and/or other authorizations required to sell and assign to Endo the right, title and interest to the Key Patents (subject to the Parent Intellectual Property Agreements).

(d) At any time prior to or after the execution of the Patent Purchase Agreement, Parent has not breached any provision of the Patent Purchase Agreement or any provision of any of the Parent Intellectual Property Agreements.

(e) At any time prior to or after the execution of the Patent Purchase Agreement and each Parent Intellectual Property Agreement, Parent had the full right and authority to enter into such agreement and to carry out its obligations and covenants thereunder, including such covenant in the Patent Purchase Agreement that Parent had made no assignments or agreements that could prevent, delay or interfere with the transaction covered therein.

(f) Parent has taken all actions required before the effective date of the Patent Purchase Agreement to maintain in good standing all Key Patents (including payment of all applicable fees due and payable to the governmental authority and timely compliance with filing, prosecution and maintenance requirements) have been taken.

(g) Except as set forth in Section 4.13(g) of the Parent Disclosure Schedules, there are no claims, judgments or settlements against or owed by Parent, nor any pending reissue, reexamination, interference, opposition or similar proceedings, with respect to any of the Key Patents, and Parent has not received written notice of any threatened claims or litigation or any reissue, reexamination, interference, opposition or similar proceedings seeking to invalidate or otherwise challenge the Key Patents.

(h) There have been no and there is no reason to believe that there will be any inventorship challenges with respect to any of the Key Patents.

(i) All current and former employees and consultants of Parent and its Affiliates who are or have been substantially involved in the conception or reduction to practice of the subject matter claimed in the Key Patents is a party to an agreement with the Parent requiring such employee or consultant to assign any inventorship rights to Parent.

4.14 FDA and Regulatory Matters.

(a) Parent has complied and is complying with all applicable laws and regulations including, without limitation: (i) the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act, the Controlled Substance Act, and the regulations promulgated under each such statute; (ii) any relevant guidance or other instructions issued by a Governmental Authority; (iii) relevant state laws and regulations; and (iv) the Anti-Kickback Statute (42 U.S.C. § 1320a-7b), the Civil Monetary Penalty Statute (42 U.S.C. § 1320a-7a), the False Claims Act (31 U.S.C. § 3729 et seq.), and all of the regulations promulgated under all such statutes.

(b) Parent has not received notice of, nor has Parent been subject to, any adverse inspectional finding, data integrity review, investigation, penalty, fine, sanction, assessment, request for corrective or remedial action, warning letter, regulatory letter, untitled letter, Form 483, or other compliance or enforcement notice, communication, or correspondence from the FDA or any other Governmental Authority.

(c) None of the products designed, manufactured, processed, packaged, sold, marketed, or distributed by Parent or designed, manufactured, processed, packaged, sold, marketed, or distributed pursuant to any Permit held by Seller, including, without limitation, any Parent 510(k) premarket notification, premarket approval application, investigational device exemption, new drug application, abbreviated new drug application, or investigational new drug application (collectively, the "Parent Products") have been recalled, whether voluntary or otherwise, or are or have been subject to device removal or correction reporting requirements, nor is any Parent Product recall, removal, market withdrawal, or other corrective action currently under consideration by Parent or, to the knowledge of Parent, any Governmental Authority or any of Parent's customers. All Parent Product research, development, manufacturing, processing, testing, packaging, labeling, distribution, marketing, and sales activities have been performed in compliance with all applicable laws and regulations and any applicable Permits.

(d) No Parent Products have been manufactured, processed, packaged, sold, marketed, distributed, licensed, or otherwise commercialized, nor have any Parent Products been tested in humans or other animals, within the past five (5) years. Parent has not, in the past five (5) years, engaged in any research, development, manufacturing, processing, testing, packaging, labeling, distribution, marketing, or sales activities with respect to any product or article regulated under the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act, the Controlled Substance Act, or the regulations promulgated under each such statute.

(e) Neither Parent nor any employee or agent of Parent has (i) made an untrue statement of material fact or fraudulent statement to FDA or any other Governmental Authority, or in any records or documentation prepared or maintained to comply with the applicable laws and regulations; (ii) failed to disclose a material fact required to be disclosed to any Governmental Authority; (iii) or has ever been investigated by the FDA, National Institutes of Health, Office of the Inspector General for the Department of Health and Human Services, Department of Justice, or other comparable Governmental Authority for data or healthcare program fraud. Neither Parent nor any of its officers, directors and employees have made or offered any payment, gratuity or other thing of value that is prohibited by any Law to personnel of the FDA or any other Governmental Authority.

(f) Neither Parent nor any employee or agent of Parent has (i) violated or caused a violation of any federal or state health care fraud and abuse or false claims statute or regulation, including, without limitation, the anti-kickback provisions of the Social Security Act, 42 U.S.C. § 1320a-7b(b); (ii) been excluded or threatened with exclusion under law or regulation, including, without limitation, under 42 U.S.C. § 1320a-7 or 42 C.F.R. Part 1001; (iii) been assessed or threatened with assessment of civil money penalties pursuant to 42 C.F.R. Part 1003; (iv) been debarred or threatened with debarment under any law or regulation, including, without limitation, 21 U.S.C. § 335a; (v) been convicted of any offense or engaged in any conduct which could result in exclusion or debarment under any law or regulation.

(g) There are not presently pending, nor, to Parent's knowledge, threatened, any civil, criminal or administrative actions, suits, demands, claims, hearings, notices of violation, investigations, proceedings, demand letters, or other communications relating to any alleged hazard or alleged defect in design, manufacture, materials, or workmanship, including, without limitation, any failure to warn or alleged breach of express or implied warranty or representation, relating to any Parent Product, or alleging that any such Parent Product is otherwise noncompliant or unsafe or ineffective for its intended use. Parent has not made any modification to any Parent Product because of warranty, product liability, regulatory, or other claims or communications concerning any alleged hazard, defect, or other noncompliance concerning such Product.

4.15 Compliance with Applicable Laws. Each of Parent and Merger Subsidiary has not violated or infringed, nor is it in violation or infringement of, any order, writ, injunction or decree of any Governmental Authority in connection with its activities, except where such violation or infringement would not reasonably be expected to have a Material Adverse Effect thereon. Each of Parent and Merger Subsidiary and each of their respective officers, directors, agents and employees are in compliance with all Applicable Laws, except where such non-compliance would not reasonably be expected to have a Material Adverse Effect on the Company.

4.16 Permits. The Parent Disclosure Schedule sets forth those approvals, authorizations, certificates, consents, licenses, orders and permits and other similar authorizations of all Governmental Authorities (and all other Persons) of Parent which are necessary to conduct its business and own and operate its properties, other than those the failure of which to have would not have a Material Adverse Effect on Parent (the "Parent Permits"). Each Parent Permit is valid and in full force and effect and none of the Parent Permits will be terminated, revoked, modified or become terminable or impaired in any respect by reason of the Merger except as would not have a Material Adverse Effect on Parent. Parent has conducted its business in compliance with all terms and conditions of the Parent Permits, except where such non-compliance would not reasonably be expected to have a Material Adverse Effect on Parent.

4.17 Litigation. There are no (a) actions, suits, claims, hearings, arbitrations, proceedings (public or private) or governmental investigations that have been brought by any Governmental Authority or any other Person, nor any claims or any investigations or reviews by any Governmental Authority against or affecting Parent or Merger Subsidiary, pending or, to Parent's knowledge, threatened, against or by Parent or Merger Subsidiary or any of their respective assets or which seek to enjoin or rescind the transactions contemplated by this Agreement; and (b) existing orders, judgments or decrees of any Governmental Authority naming Parent or Merger Subsidiary as an affected party or otherwise affecting any of the assets or the business of Parent or Merger Subsidiary.

4.18 Contracts. The Parent Disclosure Schedule sets forth a list of each Contract to which either Parent or Merger Subsidiary is a party or is subject, or by which any of their respective assets are bound (i) that would reasonably be expected to involve payments by or to Parent in excess of $50,000 in any given calendar year or (ii) is otherwise material to Parent (collectively, the "Parent Contracts"). Parent has made available to the Company true and correct copies (or summaries, in the case of any oral Contracts) of all Parent Contracts. None of the Parent Contracts contain a provision requiring the consent of any Person with respect to the consummation of the transactions contemplated herein. No notice of material default arising under any Parent Contract has been delivered to or by Parent or Merger Subsidiary. Each Parent Contract is a legal, valid and binding obligation of Parent or Merger Subsidiary, as applicable, and each other party thereto, enforceable against each such party thereto in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and subject to general principles of equity, and neither Parent or Merger Subsidiary, as applicable, nor, to the knowledge of Party, the other party thereto is in breach, violation or default thereunder except for such breach, violation or default as would not, either individually or in the aggregate, have a Material Adverse Effect on Parent or Merger Subsidiary, as applicable.

4.19 Environmental Compliance.

(a) No Third-Party Environmental Claim or Regulatory Action is pending or, to Parent's knowledge, threatened against Parent.

(b) No Property is listed on a List.

(c) All transfer, transportation or disposal of Hazardous Materials by Parent or any Subsidiary to properties not owned, leased or operated by Parent or any Subsidiary has been in compliance with applicable Environmental Law in all material respects. To Parent's knowledge, Parent has not transported or arranged for the transportation of any Hazardous Materials to any location that is: (i) listed on a List; (ii) listed for possible inclusion on any List; or (iii) the subject of any Regulatory Action or Third-Party Environmental Claim.

(d) To the knowledge of Parent, no Property has ever been used as a landfill, dump or other disposal, storage, transfer, handling or treatment area for Hazardous Materials, or as a gasoline service station or a facility for selling, dispensing, storing, transferring, disposing or handling petroleum and/or petroleum products.

(e) To the knowledge of Parent, there has not been any Release of any Hazardous Material on, under, about, from or in connection with the Property, including the presence of any Hazardous Materials that have come to be located on or under the Property from another location.

(f) To the knowledge of Parent, during Parent's occupancy or use thereof, the Property at all times has been used and operated in compliance with all applicable Environmental Law.

(g) Parent has obtained all Governmental Authorizations relating to the Environmental Law necessary for operation of the Company, each of which is listed on Section 4.19(g) of the Parent Disclosure Schedule. All Governmental Authorizations relating to the Environmental Law will be valid and in full force and effect upon consummation of the transactions contemplated by this Agreement. Parent has filed all material reports and notifications required to be filed under and pursuant to all applicable Environmental Law.

(h) At all times during Parent's occupancy or use thereof, no Hazardous Materials have been generated, treated, contained, handled, located, used, manufactured, processed, buried, incinerated, deposited or stored on, under or about any part of the Property. Any aboveground or underground storage tanks located on, under or about the Property have been duly registered with all appropriate Governmental Authorities and are otherwise in compliance in all material respects with all applicable Environmental Law.

(i) No material expenditure will be required in order to comply with any Environmental Law in effect at the time of Closing in connection with the operation or continued operation of the Property in a manner consistent with the present operation thereof.

(j) No Lien has been attached or filed against Parent in favor of any Person for: (i) any liability under or violation of any applicable Environmental Law; (ii) any Release of Hazardous Materials; or (iii) any imposition of Environmental Costs.

4.20 Insurance. The Parent Disclosure Schedule contains an accurate and complete list of all insurance policies owned or held by Parent or Merger Subsidiary, including, but not limited to, fire and other casualty, general liability, theft, life, workers' compensation, health, directors and officers, business interruption and other forms of insurance owned or held by Parent or Merger Subsidiary, specifying the insurer the policy number, and the term of the coverage. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Parent or Merger Subsidiary, (i) all present policies are in full force and effect and all premiums with respect thereto have been paid, and (ii) neither Parent nor Merger Subsidiary has been denied any form of insurance and no policy of insurance has been revoked or rescinded during the past five years.

4.21 Tax Matters.

(a) Parent has (i) timely filed (or has had timely filed on its behalf) all Tax Returns required to be filed, and all such Tax Returns are true, correct and complete; (ii) timely and properly paid all Taxes due and payable for all Tax periods or portions thereof, whether or not shown on such Tax Returns; (iii) established in Parent's books of account, in accordance with GAAP and consistent with past practices, adequate reserves for the payment of any Taxes not yet due and payable; and (iv) complied with all applicable laws relating to the withholding of Taxes and the payment thereof.

(b) There are no Liens (other than Permitted Liens) for Taxes upon any assets of Parent.

(c) No deficiency for any Taxes has been proposed, asserted or assessed against Parent that has not been resolved and paid in full. No waiver, extension or comparable consent given by Parent regarding the application of the statute of limitations with respect to any Taxes or Tax Return is outstanding, nor is any request for any such waiver or consent pending. There is no pending Tax audit or other administrative proceeding or court proceeding with regard to any Taxes or Tax Return for any Tax year of Parent, nor has there been any notice to Parent by any Governmental Authority regarding any such Tax audit or other proceeding, nor is any such Tax audit or other proceeding threatened with regard to any Taxes or Tax Returns of Parent.

(d) Parent has no Liability for Taxes in a jurisdiction where it does not file a Tax Return, nor has Parent received notice from a Taxing Authority in such a jurisdiction that it is or may be subject to taxation by that jurisdiction.

(e) All transactions that could give rise to an underpayment of Tax (within the meaning of Section 6662 of the Code) were reported by Parent in a manner for which there is substantial authority or were adequately disclosed on the Tax Returns as required in accordance with Section 6662(d)(2)(B) of the Code.

(f) Parent is not a party to any agreement, contract, arrangement or plan that has resulted or could result, separately or in the aggregate, in connection with this Agreement or any change of control of Parent, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code, and the consummation of the transactions contemplated by this Agreement will not be a factor causing payments to be made that are not deductible (in whole or in part) as a result of the application of Section 280G of the Code.

(g) Parent has not been a member of any joint venture, partnership, contract or other arrangement that is treated as a "partnership" for federal, state, local or foreign income Tax purposes. Parent does not own any interest in an entity that is classified as an entity that is "disregarded as an entity separate from its owner" under Treasury Regulations Section 301.7701-3(b).

(h) Parent (i) has not been a member of an affiliated group filing a consolidated Return, and (ii) has no Liability for the Taxes of any Person (other than Parent) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise.

(i) Parent is not required to include in income any adjustment under Section 481(a) of the Code by reason of a voluntary change in accounting method initiated by Parent, and the IRS has not proposed any such adjustment or change in accounting method.

(j) Parent is not, and has not been at any time, a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code.

(k) Parent is not a party to or bound by any obligations under any Tax sharing, Tax allocation, Tax indemnity or similar agreement or arrangement.

(l) Parent has not engaged in any reportable or listed transaction as defined under Section 6011 of the Code and the Treasury Regulations promulgated thereunder or under any similar provision of state law.

4.22 Parent Benefit Plans.

(a) The term "Parent Plan" means every plan, fund, Contract, program and arrangement (formal or informal, whether written or not) that Parent or any other Parent ERISA Affiliate sponsors, maintains or contributes to, is required to contribute to, or has or could reasonably be expected to have any liability of any nature with respect to, whether known or unknown, direct or indirect, fixed or contingent, for the benefit of present or former employees of Parent and/or its Parent ERISA Affiliates (the "Parent Employees") including, without limitation, those intended to provide: (i) medical, surgical, health care, hospitalization, dental, vision, life insurance, death, disability, legal services, severance, sickness, accident or other welfare benefits (whether or not defined in Section 3(1) of ERISA), (ii) pension, profit sharing, stock bonus, retirement, supplemental retirement or deferred compensation benefits (whether or not tax qualified and whether or not defined in Section 3(2) of ERISA), (iii) bonus, incentive compensation, option, stock appreciation right, phantom stock or stock purchase benefits or (iv) salary continuation, paid time off, supplemental unemployment, current or deferred compensation (other than current salary or wages paid in the form of cash), termination pay, vacation or holiday benefits (whether or not defined in Section 3(3) of ERISA). "Parent ERISA Affiliates" means each Subsidiary of Parent and any trade or business (whether or not incorporated) that is part of the same controlled group under, common control with, or part of an affiliated service group that includes Parent within the meaning of Code Section 414(b), (c), (m) or (o).

(b) Section 4.22(b) of the Disclosure Schedule sets forth each Parent ERISA Affiliate and Parent Plan by name.

(c) There are no Parent Plans subject to Title IV of ERISA or Code Section 412 and neither Parent nor any Parent ERISA Affiliate has ever maintained a Parent Plan subject to Title IV or ERISA or Code Section 412.

(d) No employer other than Parent or a Parent ERISA Affiliate is permitted to participate or participates in the Parent Plans. No leased employees (as defined in Section 414(n) of the Code) or independent contractors are eligible for, or participate in, any Parent Plan.

(e) Neither Parent nor any Parent ERISA Affiliate has any liability resulting from past membership in a Code Section 414 controlled group of corporations that would result in a Material Adverse Affect. No Parent Plan is a multiple employer plan or multiemployer plan under Code Section 413(c) or 414(f), and none of Parent or any Parent ERISA Affiliate has ever contributed to a "multiemployer plan" (as such term is defined in Sections 3(37) or 4001(a)(3) of ERISA).

(f) There are no Parent Plans which promise or provide health, life or other welfare benefits to retirees or former employees of Parent and/or its Parent ERISA Affiliates, or which provide severance benefits to Parent Employees, except as otherwise required by Code Section 4980B or comparable state statute or other law which provides for continuing health care coverage.

(g) No Parent Plan that is intended to be qualified under Section 401(a) of the Code has received or committed to receive a transfer of assets and/or liabilities or spin-off from another plan, except transfers which qualify as transfers from eligible rollover distributions within the meaning of Code Section 402(c)(4).

(h) With respect to all Parent Plans, to the extent that the following documents exist, Parent has made available to the Company true and complete copies of: (i) the most recent determination letter, if any, received by Parent and/or its Parent ERISA Affiliates from the IRS, (ii) all pending applications for rulings, determinations, opinions, no action letters and the like filed with any governmental agency (including the DOL and the IRS), (iii) the Annual Report/Return (Form Series 5500) with financial statements, if any, and attachments for the three most recent plan years, (iv) Parent Plan documents, summary plan descriptions, trust agreements, insurance Contracts, service agreements and all related Contracts and documents (including any employee summaries and material employee communications) and (v) all closing letters, audit finding letters, revenue agent findings and similar documents issued by a Governmental Authority.

(i) Each Parent Plan has at all times been operated in material compliance with ERISA, the Code, any other applicable law (including all reporting and disclosure requirements thereby) and the terms of such Parent Plan. With respect to each Parent Plan that is intended to be qualified under Section 401(a) and/or 4975(e)(7) of the Code, each such Parent Plan has been determined by the IRS to be so qualified, and each trust forming a part thereof has been determined by the IRS to be exempt from Tax pursuant to Section 501(a) of the Code. To the knowledge of Parent, no reason exists which would cause such qualified status to be revoked. To the knowledge of Parent, no non-exempt prohibited transactions under Section 406 or 407 of ERISA or Section 4975 of the Code have occurred with respect to any Parent Plan that would reasonably be expected to subject such Parent Plan or Parent or applicable Parent ERISA Affiliate to any material penalty under the Code or ERISA.

(j) No state of facts or conditions exist which reasonably could be expected to subject Parent and/or any Parent ERISA Affiliate to any material liability (other than routine claims for benefits) with respect to any Parent Plan or voluntary employees' beneficiary association within the meaning of Section 501(c)(9) of the Code under applicable Law.

(k) All material contributions, premiums, fees or charges due and owing to or in respect of any Parent Plan for periods on or before the Closing have been paid in full by Parent and its Parent ERISA Affiliates prior to the Closing in accordance with the terms of such Parent Plan and all applicable laws, and no material Taxes are owing on the part of Parent as a result of any Parent Plan.

(l) Parent and its Parent ERISA Affiliates have not committed to make any material increase in contributions or benefits under any Parent Plan that would become effective either on or after the Closing Date.

(m) No Parent Plan is currently under audit or examination by the IRS or the DOL. There are no pending or, to Parent's knowledge, threatened, audits, investigations, claims, suits, grievances or other proceedings.

(n) The events contemplated in this Agreement will not trigger, or entitle any current or former employee of Parent to, severance, termination, change in control payments or accelerated vesting under any Parent Plan, and will not result in any material Tax or other liability payable by any Parent Plan or, with respect to any Parent Plan, by Parent or any Parent ERISA Affiliate.

(o) Benefits provided to participants under each Parent Plan (other than a tax qualified plan under Code Section 401(a) or a plan established under Code Section 408(p)) are provided exclusively from insurance policies or the general assets of Parent and/or its Parent ERISA Affiliates.

(p) Parent and/or its Parent ERISA Affiliates can terminate each Parent Plan without material liability to Parent and/or its Parent ERISA Affiliates. No action or omission of Parent, any Parent ERISA Affiliate or any director, officer, employee, or agent thereof in any way restricts, impairs or prohibits Parent, the Company, any Parent ERISA Affiliate or any successor from amending, merging, or terminating any Parent Plan in accordance with the express terms of any such Parent Plan and applicable law.

(q) To the knowledge of Parent, there are no facts or circumstances that could reasonably be expected to, directly or indirectly, subject Parent or any Parent ERISA Affiliate to any (i) excise Tax or other liability under Chapters 43, 46 or 47 of Subtitle D of the Code, (ii) penalty Tax or other liability under Chapter 68 of Subtitle F of the Code or (iii) civil penalty, damages or other liabilities arising under Section 502 of ERISA.

(r) None of Parent or its Parent ERISA Affiliates have established or contributed to, is required to contribute to or has or could reasonably be expected to have any liability of any nature, whether known or unknown, direct or indirect, fixed or contingent, with respect to any "voluntary employees' beneficiary association" within the meaning of Section 501(c)(9) of the Code, "welfare benefit fund" within the meaning of Section 419 of the Code, "qualified asset account" within the meaning of Section 419A of the Code, or "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA.

(s) All Nonqualified Deferred Compensation Plans (as defined in Code Section 409A(d)(1)) of Parent are in material compliance with Code Section 409A.

(t) The exercise price of each Parent Stock Option granted under the Parent Stock Option Plan is not less than the fair market value, determined in accordance with Section 409A of the Code, of a Share of the underlying Parent Common Stock on the date such Parent Stock Option was granted. No Parent Stock Option granted under the Parent Stock Option Plan provides for a deferral of compensation under Section 409A of the Code and Treasury Regulations Section 1.409A-1(b)(5).

(u) With respect to each Parent Plan, Parent has operated each Parent Plan in material compliance with all laws and regulations applicable to employee benefit plans of public companies, including, without limitation, Section 162(m) of the Code and Sarbanes-Oxley Act of 2002, and no material liability or loss of Tax deduction has resulted from any noncompliance.

4.23 Brokers. Neither Parent nor Merger Subsidiary, nor any of their directors, officers or employees has employed any broker, finder, or financial advisor or incurred any liability for any brokerage fee or commission, finder's fee or financial advisory fee, in connection with the transactions contemplated hereby.

4.24 Bank Accounts; Powers of Attorney. The Parent Disclosure Schedule sets forth: (a) the names of all financial institutions, investment banking and brokerage houses, and other similar institutions at which Parent or Merger Subsidiary maintain accounts, deposits, safe deposit boxes of any nature, and the names of all persons authorized to draw thereon or make withdrawals therefrom and a description of such accounts; and (b) the names of all persons or entities holding general or special powers of attorney from Parent or Merger Subsidiary and copies thereof.

4.25 Indemnification Obligations. Neither Parent nor Merger Subsidiary is a party to any Contract that contains any provisions requiring Parent or Merger Subsidiary to indemnify any Person, except for those Contracts identified in the Parent Disclosure Schedule as containing indemnification provisions.

4.26 Internal Accounting Controls; Books of Account.

(a) Parent maintains a system of internal accounting controls sufficient, in the judgment of the Parent Board of Directors, to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(b) The books of account of Parent are complete and correct in all material respects and have been maintained in accordance with sound business practices. Each transaction is properly and accurately recorded on the books and records of Parent, and each document upon which entries in Parent's books and records are based is complete and accurate in all material respects.

4.27 Listing and Maintenance Requirements. Parent has not, in the twelve (12) months preceding the date hereof, received notice from the trading market or stock quotation system on which Parent Common Stock is listed or quoted to the effect that Parent is not in compliance with the listing or maintenance requirements of such trading market or stock quotation system. Parent is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements.

4.28 Investigation by Company. Notwithstanding anything to the contrary in this Agreement, (a) no investigation by the Company shall affect the representations and warranties of Parent or Merger Subsidiary under this Agreement or contained in any other writing to be furnished to the Company in connection with the transactions contemplated hereunder, and (b) such representations and warranties shall not be affected or deemed waived by reason of the fact that the Company knew or should have known, that any of the same is or might be inaccurate in any respect.

ARTICLE 5
COVENANTS

5.1 Conduct of the Business.

(a) Except as contemplated by this Agreement or to the extent that Parent otherwise consents in writing, not to be unreasonably withheld or delayed, during the period from the date of this Agreement until the earlier of the termination of this Agreement or the Closing, the Company shall maintain its assets and properties and carry on its business and operations in accordance with the Operating Budget (except and to the extent otherwise expressly approved in writing by Parent); and the Company shall use its commercially reasonable efforts to preserve intact (i) its business organizations, (ii) existing business relationships, including without limitation its relationships with officers, employees, dealers, distributors, independent contractors, customers and suppliers, except to the extent the Company in good faith elects to not so preserve any such relationships that are not material to the Company, (iii) good will and (iv) going concern value.

(b) Except as contemplated by this Agreement or to the extent that the Company otherwise consents in writing, not to be unreasonably withheld or delayed, during the period from the date of this Agreement until the earlier of the termination of this Agreement or the Closing, each of Parent and Merger Subsidiary shall maintain its assets and properties and carry on its business and operations in the ordinary course consistent with past practice (except and to the extent otherwise expressly approved in writing by the Company); and each of Parent and Merger Subsidiary shall use its commercially reasonable efforts to preserve intact its (i) business organizations, (ii) existing business relationships, including without limitation its relationships with officers, employees, dealers, distributors, independent contractors, customers and suppliers, except to the extent Parent in good faith elects to not so preserve any such relationships that are not material to Parent, (iii) good will and (iv) going concern value.

(c) Except as contemplated by this Agreement or to the extent that Parent otherwise consents in writing, during the period from the date of this Agreement until the earlier of the termination of this Agreement or the Closing, the Company shall not amend its Certificate of Incorporation or Bylaws (or other similar governing instruments). Except as contemplated by this Agreement or to the extent that the Company otherwise consents in writing, during the period from the date of this Agreement until the earlier of the termination of this Agreement or the Closing, Parent shall not amend its Articles of Incorporation or Bylaws (or other similar governing instruments).

(d) Except as contemplated by this Agreement, the Company shall not: (i) declare, pay or set aside for payment any dividend or other distribution in respect of, or split, combine or reclassify, its capital stock or other securities (including without limitation distributions in redemption or liquidation) or redeem, purchase or otherwise acquire any shares of its capital stock or other securities; (ii) issue, grant or sell any shares of its capital stock or equity securities of any class, or any options, warrants, conversion or other rights to purchase or acquire any such shares or equity securities or any securities convertible into or exchangeable for such shares or equity securities, except (A) the issuance of options under the terms of the Company Stock Option Plan as in effect on the date hereof and (B) the issuance of Company Common Stock pursuant to the exercise of Company Stock Options outstanding on the date hereof; (iii) become a party to any merger, exchange, reorganization, recapitalization, liquidation, dissolution or other similar corporate transaction; or (iv) organize any new subsidiary, acquire any capital stock or other equity securities or other ownership interest in, or assets of, any person or entity or otherwise make any investment by purchase of stock or securities, contributions to capital, property transfer or purchase of any properties or assets of any person or entity. Notwithstanding anything to the contrary set forth herein, between the date hereof and the Effective Time, the Company shall be permitted to increase the authorized number of shares of Company Common Stock in the Company's Certificate of Incorporation from 133,000,000 to 185,000,000.

(e) Except as contemplated by this Agreement, Parent shall not: (i) issue, grant or sell any shares of its capital stock or equity securities of any class, or any options, warrants, conversion or other rights to purchase or acquire any such shares or equity securities or any securities convertible into or exchangeable for such shares or equity securities, except (A) the issuance of options under the terms of the Parent Stock Option Plan as in effect on the date hereof and (B) the issuance of Company Common Stock pursuant to the exercise of Parent Stock Options outstanding on the date hereof; (ii) become a party to any merger, exchange, reorganization, recapitalization, liquidation, dissolution or other similar corporate transaction; or (iii) organize any new subsidiary, acquire any capital stock or other equity securities or other ownership interest in, or assets of, any person or entity or otherwise make any investment by purchase of stock or securities, contributions to capital, property transfer or purchase of any properties or assets of any person or entity.

(f) Except as contemplated by this Agreement, neither the Company nor Parent, as applicable, shall agree, whether in writing or otherwise, to take any action described in this Section 5.1.

5.2 Full Access. Each Party shall afford to each other Party and its directors, officers, employees, counsel, accountants, investment advisors and other authorized representatives and agents, at such other Party's expense, reasonable access to its facilities, properties, books and records in order that each such other Party may have full opportunity to make such investigations as it shall desire to make of its affairs; provided, however, that any such investigation shall be conducted in such a manner as not to interfere unreasonably with the business operations of any Party and such additional financial and operating data and other information as may be reasonably requested, from time to time, shall be furnished if such data or information may be obtained without unreasonable expense; provided, further, that any such investigation shall not affect or otherwise diminish or obviate in any respect any of the representations and warranties of any Party provided herein.

5.3 Confidentiality. Each of the Parties agrees that it will not use, or permit the use of, any of the information relating to any other Party hereto furnished or made available to it in connection with the transactions contemplated herein ("Information") for any purpose or in any manner other than solely in connection with its evaluation or consummation of the transactions contemplated by this Agreement in a manner that the disclosing Party has approved and shall in no event use or permit the use of any of such Information in a manner or for a purpose detrimental to such other Party, and that they will not disclose, divulge, provide or make accessible (collectively, "Disclose"), or permit the Disclosure of, any of the Information to any Person, other than solely to their responsible directors, officers, employees, investment advisors, accountants, counsel and other authorized representatives and agents (collectively, the "Representatives") who have a "need to know" to carry out the purposes of this Agreement, except as may be required by judicial or administrative process or, in the opinion of such Party's regular counsel, by other requirements of Applicable Law; provided, however, that prior to any Disclosure of any Information permitted hereunder, the disclosing Party shall first obtain the recipients' undertaking to comply with the provisions of this subsection with respect to such Information. Each Party shall instruct its Representatives to observe the terms of this Agreement and shall be responsible for any breach of this Agreement by any of its Representatives. The term "Information" as used herein shall not include any information relating to a Party which the Party receiving such information can show: (i) to have been rightfully in its possession prior to its receipt from another Party hereto; (ii) to be now or to later become generally available to the public through no fault of the receiving party; (iii) to have been received separately by the receiving Party in an unrestricted manner from a Person entitled to disclose such information; or (iv) to have been developed independently by the receiving Party without regard to any Information received in connection with this transaction. Each Party also agrees to promptly return to the Party from whom originally received all original and duplicate copies of materials containing Information and to destroy any summaries, analyses or extracts thereof or based thereon (whether in hard copy form or intangible media) should the transactions contemplated herein not occur. A Party shall be deemed to have satisfied its obligations to hold the Information confidential if it exercises the same care as it takes with respect to its own similar information, which shall in no event be less than reasonable care. The provisions of this Section 5.3 shall survive indefinitely any termination of this Agreement.

5.4 Filings; Consents; Removal of Objections. Subject to the terms and conditions herein, the Parties shall use commercially reasonable efforts to take or cause to be taken all actions and do or cause to be done all things necessary, proper or advisable under Applicable Laws to consummate and make effective, as soon as reasonably practicable, the transactions contemplated hereby, including without limitation obtaining all Consents of any Person, whether private or governmental, required in connection with the consummation of the transactions contemplated herein. In furtherance, and not in limitation of the foregoing, it is the intent of the Parties to consummate the transactions contemplated herein at the earliest practicable time, and they respectively agree to exert commercially reasonable efforts to that end, including without limitation: (a) the removal or satisfaction, if possible, of any objections to the validity or legality of the transactions contemplated herein; and (b) the satisfaction of the conditions to consummation of the transactions contemplated hereby.

5.5 Further Assurances; Cooperation; Notification.

(a) Each Party shall, before, at and after Closing, execute and deliver such instruments and take such other actions as the other Party or Parties, as the case may be, may reasonably require in order to carry out the intent of this Agreement including the satisfaction of all conditions contained in Articles 6 and 7 of this Agreement.

(b) Between the date hereof and the Closing, the Parties shall cooperate with each other to promptly develop plans for the management of the businesses Parent and the Surviving Corporation after the Closing, including without limitation plans relating to productivity, marketing, operations and improvements, and the Parties shall further cooperate with each other to provide for the implementation of such plans as soon as practicable after the Closing. Between the date hereof and the Closing, subject to Applicable Law, the Parties shall confer with each other on a regular and reasonable basis to report on material operational matters and the general status of ongoing operations of such Party.

(c) At all times from the date hereof until the Closing, each Party shall promptly notify the other in writing of the occurrence of any event which it reasonably believes will or is reasonably likely to result in a failure by such Party to satisfy the conditions specified in Articles 6 or 7 of this Agreement.

5.6 Information Statement; Proxy Statement; Registration Statement.

(a) Parent shall cooperate with the Company in order to timely assist in the preparation, as soon as reasonably practicable, of the Information Statement. The Company shall use all reasonable efforts to cause the Information Statement (together with either written consent resolutions for execution by the Stockholders or forms of proxy) to be mailed to the Stockholders as soon as reasonably practicable following the date hereof, with the date of mailing as mutually determined by the Company and Parent.

(b) The Company shall cooperate with Parent in order to timely assist in the preparation and filing with the SEC, as soon as reasonably practicable, of the Proxy Statement and Registration Statement. The Company shall use all reasonable efforts to cause the definitive Proxy Statement (together with either written consent resolutions for execution by the Stockholders or forms of proxy) to be mailed to the Stockholders as soon as reasonably practicable following effectiveness of the Registration Statement of which the Proxy Statement is a part, with the date of mailing as mutually determined by the Company and Parent.

(c) Parent shall, with the cooperation of the Company, prepare and file, as soon as reasonably practicable, a registration statement under the Securities Act registering the shares of Parent Common Stock to be issued in the Merger (the "Registration Statement"), which Registration Statement shall include the Proxy Statement. Parent will use all reasonable efforts to have the Registration Statement declared effective by the SEC as promptly thereafter as practicable. Parent shall also take any action required to be taken under state blue sky or securities laws in connection with the issuance of Parent Common Stock pursuant to the Merger. The Company shall furnish to Parent all information concerning the Company and the holders of its capital stock, and shall take such other reasonable action and otherwise cooperate, as Parent may reasonably request in connection with any such action.

(d) Parent shall notify the Company promptly of the time when the Registration Statement has become effective, of the issuance of any stop order or suspension of the qualification of the Parent Common Stock issuable in connection with the Merger for offering or sale in any jurisdiction, or the receipt of comments of the SEC with respect to the transactions contemplated hereby and of any request by the SEC for amendments or supplements to the Registration Statement, and shall provide the Company with an opportunity to participate in the response of Parent to such comments. Parent shall supply the Company with copies of all correspondence with the SEC with respect to the transactions contemplated hereby.

(e) If at any time prior to the Effective Time, any event should occur relating to the Company or the Company's officers or directors that is required to be described in an amendment or supplement to the definitive Proxy Statement or the Registration Statement, the Company shall promptly inform Parent. If at any time prior to the Effective Time, any event shall occur relating to Parent or Merger Subsidiary or their respective officers or directors that is required to be described in an amendment or supplement to the definitive Proxy Statement or the Registration Statement, Parent shall promptly inform the Company. Whenever any event occurs that should be described in an amendment of, or supplement to, the definitive Proxy Statement or the Registration Statement, the Company or Parent, as the case may be, shall, upon learning of such event, promptly notify the other and consult and cooperate with the other in connection with the preparation of a mutually acceptable amendment or supplement. The Parties shall promptly file such amendment or supplement with the SEC and mail such amendment or supplement as soon as practicable after it is cleared by the SEC.

(f) In addition, the Parties shall cooperate with one another regarding the preparation of any filings with the SEC that may be required under the Exchange Act.

5.7 Stockholder Meetings or Communication with Stockholders.

(a) Following effectiveness of the Registration Statement, the Company shall, in accordance with Applicable Law and its Certificate of Incorporation and Bylaws, solicit the written consent resolutions of its stockholders approving and adopting the agreement of merger (as such term is used in Section 251 of the DGCL) set forth in this Agreement and approving the Merger and the other matters appurtenant thereto.

(b) Parent shall, in accordance with Applicable Law and its Articles of Incorporation and Bylaws, duly call, give notice of, convene and hold an annual meeting (as the same may be duly adjourned, the "Parent Annual Meeting") of its stockholders for the purpose of approving (i) an amendment to its Articles of Incorporation to increase its authorized capital stock, (ii) an amendment to its Articles of Incorporation to change its name as of the Effective Time to such name as may be mutually agreed by the Parties following the date hereof, (iii) an amendment to the Parent Stock Option Plan to increase the number of shares authorized for issuance under such Plan, as determined in accordance with Section 5.16, (iv) an increase in the number of members on the Parent Board of Directors to seven, (v) the election of seven Persons to serve as directors of Parent from and after the Effective Time, and (vi) the issuance of Parent Common Stock in connection with the Merger. Parent agrees to use its reasonable efforts to cause the Parent Annual Meeting to occur within 60 days after the date on which the Registration Statement becomes effective, but, if incorporation by reference is relied upon in the Registration Statement, not earlier than 20 business days after the date the Proxy Statement is first mailed to Parent's shareholders. Parent shall include in the Proxy Statement the recommendation of the Parent Board of Directors that its shareholders vote in favor of the six items listed above.

5.8 Update Disclosure; Breaches. The Company shall use commercially reasonable efforts to give prompt notice to Parent, and Parent shall use commercially reasonable efforts to give prompt notice to the Company, to the extent that either acquires actual knowledge of (a) the occurrence or non-occurrence of any event the occurrence or non-occurrence of which would be reasonably likely to cause any representation or warranty contained in this Agreement to be untrue in any material respect and (b) any failure of Parent, Merger Subsidiary or Company, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; *provided*, *however*, that the delivery of any notice pursuant to this Section 5.8 shall not limit or otherwise affect the remedies available hereunder to the Party receiving such notice. Notwithstanding the foregoing, provided that, from the date of this Agreement until the Closing, no action taken by the Company in compliance with the Operating Budget, or otherwise taken in accordance with the prior written consent of Parent's Chief Executive Officer, shall be deemed to result in a Material Adverse Effect of the Company.

5.9 No Solicitation.

(a) Each Party agrees (i) it and its authorized representatives will negotiate exclusively with the other Party hereto and its authorized representatives regarding the transaction contemplated hereby and will not, directly or indirectly, encourage or solicit the submission of, entertain inquiries, proposals or offers from, or enter into any agreement or negotiate with any Person (other than the Parties) for the sale, acquisition or other combination of any Party (whether by merger, combination, sale of assets, sale of stock or otherwise) or other disposition of assets or technology (an "Alternative Transaction") other than, solely with respect to dispositions of assets or technology, in the ordinary course of business, and (ii) it will not furnish to any Person (other than the Parties) any information with respect to any Alternative Transaction. Each Party agrees to take all reasonably necessary steps to promptly inform any Person who inquires of such Party regarding a potential Alternative Transaction of the obligations undertaken in this Section 5.9. Each Party agrees to promptly inform the other Parties of any such inquiry from any Person, including the material terms thereof (including without limitation, any terms regarding price) and the identity of the Person making such inquiry, and to keep the other Parties informed, on a current basis, of the status and terms of any such proposed Alternative Transaction.

(b) Neither the Parent Board of Directors nor the Company Board of Directors shall (i) (A) withdraw (or modify or qualify in any manner adverse to the other Party) its approval, recommendation or declaration of advisability of this Agreement, the Merger or any of the transactions contemplated hereby, (B) adopt, approve, recommend, endorse or otherwise declare advisable the adoption of any Alternative Transaction or (C) resolve, agree or propose to take any such actions (each such action set forth in this Section 5.9(b)(i), a "Change in Recommendation"), or (ii) cause or permit Parent or the Company, as the case may be, to enter into any Contract constituting or related to, or which is intended to or is reasonably likely to lead to, any Alternative Transaction (an "Alternative Transaction Agreement").

(c) Notwithstanding Sections 5.9(a) and 5.9(b), prior to the receipt of approval by the shareholders of Parent of the transactions contemplated by this Agreement, the Parent Board of Directors may (i) participate in negotiations or discussions with any third party that has made (and not withdrawn) a bona fide, unsolicited proposal of an Alternative Transaction regarding Parent that the Parent Board of Directors reasonably believes in good faith constitutes or would be expected to result in a Superior Proposal, (ii) thereafter furnish to such third party non-public information relating to Parent pursuant to an executed confidentiality agreement, (iii) following receipt of and on account of a Superior Proposal, make a Change in Recommendation, and/or (iv) take any action that any court of competent jurisdiction orders Parent to take (which order remains unstayed), but in each case referred to in the foregoing clauses (i) through (iv), only if the Parent Board of Directors determines in good faith, after consultation with outside legal counsel, that the failure to take such action would reasonably be expected to cause Parent Board of Directors to be in breach of its fiduciary duties under Applicable Law. In no event shall the Parent Board of Directors (i) make a Change in Recommendation or (ii) enter into an Alternative Transaction Agreement, without first delivering written notice to the Company at least five Business Days in advance thereof (in each case, a "Section 5.9 Notice").

(d) Nothing contained herein shall prohibit Parent from providing accurate disclosure (and such disclosure shall not be deemed to be a Change in Recommendation) of factual information regarding the business, financial condition or results of operations of Parent or the fact that a proposal regarding an Alternative Transaction has been made, the identity of the Person making such proposal, the position of the Parent Board of Directors with respect to such proposal or the material terms of such proposal in the Proxy Statement, Registration Statement or otherwise, to the extent that Parent in good faith determines that such information, facts, identity, position or terms is required to be disclosed under Applicable Law.

5.10 Public Announcements. None of the Parties shall make any public announcement with respect to the transactions contemplated herein without the prior written consent of the other Parties, which consent shall not be unreasonably withheld or delayed, except as required by Applicable Law, rule or regulation. The Parties shall maintain this Agreement and the terms hereof in strict confidence, and no Party shall disclose this Agreement or any of its terms to any third party unless specifically ordered to do so by a court of competent jurisdiction after consulting with the other Parties or unless required by Applicable Law or regulation including, but not limited to, the rules and regulations of the Securities and Exchange Commission. Notwithstanding the foregoing, the Parties may, on a confidential basis, advise and release information regarding the existence and content of this Agreement or the transactions contemplated hereby to their respective Affiliates or any of their agents, accountants, attorneys and prospective lenders or investors in connection with or related to the transactions contemplated by this Agreement.

5.11 State Takeover Statutes. Parent and the Company and their respective Boards of Directors shall (a) take all reasonable actions necessary to ensure that no "Fair Price," "Control Share Acquisition," "Business Combination" or other anti-takeover statute, or similar statute or regulation, is or becomes applicable to this Agreement, the Merger or any of the other transactions contemplated hereby or thereby and (b) if any "Fair Price," "Control Share Acquisition," "Business Combination" or other anti-takeover statute, or similar statute or regulation, becomes applicable to this Agreement, the Merger or any other transaction contemplated hereby or thereby, grant such actions and take all reasonable action necessary to ensure that the Merger and the other transactions contemplated hereby and thereby may be consummated as promptly as practicable on the terms contemplated hereby and otherwise to minimize the effect of such statute or regulation on the Merger and the other transactions contemplated hereby and thereby.

5.12 Stockholder Litigation. The Parties shall cooperate and consult with one another, to the fullest extent possible, in connection with any stockholder litigation against any of them or any of their respective directors or officers with respect to the transactions contemplated by this Agreement. In furtherance of and without in any way limiting the foregoing, each of the Parties shall use its respective reasonable best efforts to prevail in such litigation so as to permit the consummation of the transactions contemplated by this Agreement in the manner contemplated by this Agreement. Notwithstanding the foregoing, no Party shall compromise or settle any litigation commenced against it or its directors or officers relating to this Agreement or the transactions contemplated hereby (including the Merger) without the prior written consent of each other Party.

5.13 Parent Board of Directors. In the Proxy Statement, the Parent Board of Directors shall nominate a slate of seven persons to serve as directors of Parent as of the Effective Time and conditioned upon the Closing of the Merger which slate shall include (a) two members of the Parent Board of Directors prior to the Merger, (b) Jamie M. Grooms, Karen Zaderej and John Harper or, if any such person is unable or unwilling to serve as a director of Parent, then such other Person or Persons as may be designated by the Company and be reasonably acceptable to Parent, and (c) Mark Gold and Joe Mandato or, if any such person is unable or unwilling to serve as a director of Parent, then such other Person or Persons as may be designated by the holders of a majority of the principal amount of the Investor Notes and be reasonably acceptable to Parent. At and as of the Effective Time, the Parent Board of Directors shall also cause Mr. Grooms to be elected as Interim Chairman of the Parent Board of Directors or, if Mr. Grooms is unable or unwilling to serve in such position, then such other member of the Parent Board of Directors as Parent shall choose in its discretion, and cause the two members of the Parent Board of Directors who were on the Board prior to the Effective Time to serve as Chairs of the Audit Committee and Compensation Committee of the Board as of the Effective Time. Parent and Company agree that the first annual meeting of Parent shareholders and election of Parent directors to be held after the Effective Time shall occur between March 31, 2012 and October 1, 2012, and that the nominees for director of Parent to be elected at that meeting shall be determined by the Parent Board of Directors in the ordinary course prior to that meeting with no obligation to nominate or renominate any particular Person for election to the Parent Board of Directors.

5.14 Restrictions on Transfer of Parent Common Stock. Parent and the Company agree to cause each Person who will be a director, officer or holder of more than 5% of the Parent Common Stock to be outstanding after the Merger (each such person, a "Restricted Stockholder") to execute and deliver to Parent on or prior to the Closing Date a Share Transfer Restriction Agreement, in the form mutually agreed upon by Parent and the Company (the "Share Transfer Restriction Agreement"), which Share Transfer Restriction Agreement shall contain, among others, the following restrictions:

(a) In no event will any Restricted Stockholder sell, transfer, assign, pledge, hypothecate or otherwise dispose of ("Transfer") all or any portion of the shares of Parent Common Stock beneficially owned by such Restricted Stockholder immediately after the Merger prior to the six-month anniversary of the Closing Date (the "Initial Lock-Up Period").

(b) During the six-month period following the Initial Lock-Up Period, this transfer restriction shall lapse with respect to 50% of the shares of Parent Common Stock beneficially owned by such Restricted Stockholder immediately after the Merger.

(c) On the date that is the one-year anniversary of the Closing Date, this transfer restriction shall lapse with respect to the remaining portion of shares of Parent Common Stock beneficially owned by such Restricted Stockholder immediately after the Merger.

5.15 Company Benefit Plans**.** Except as otherwise set forth in Section 5.16, Parent shall assume or shall cause the Surviving Corporation to assume all Plans of the Company, which shall continue in accordance with their terms following the Effective Time.

5.16 Stock Option Plans. The Company shall use commercially reasonable efforts to cause all appropriate action to be taken to terminate the Company Stock Option Plan**,** as of the Effective Time. Parent and the Company agree to cause to be amended prior to the Effective Time the Parent Stock Option Plan for the benefit of the employees and other service providers of Parent and the Surviving Corporation. As of the Effective Time, all outstanding Company Stock Options shall be assumed and converted in accordance with Section 2.1(c) above into stock options to purchase Parent Common Stock under the Parent Stock Option Plan. As of the Effective Time, a number of shares of Parent Common Stock equal to the sum of (a) 15% of Post-Closing Parent Shares, plus (b) the number of shares of Parent Common Stock reserved for issuance pursuant to each outstanding Parent Stock Option, plus (c) the number of shares of Parent Common Stock to be reserved for issuance pursuant to each outstanding Company Stock Option, shall be reserved for issuance under the Parent Stock Option Plan.

5.17 Company Warrants. The Company shall use commercially reasonable efforts to cause all holders of Company Warrants to, not later than 15 days prior to the Effective Time, agree in writing that any Company Warrants outstanding as of the Effective Time shall be cancelled in accordance with Section 2.1(c), it being understood that such cancellation may be subject, in certain instances, to satisfaction of the condition described in Section 6.13 hereof.

5.18 Parent Capitalization. Parent shall not issue any shares of capital stock or grant or award any options, warrants or other rights to acquire Parent Common Stock on or after the date of this Agreement and prior to the Effective Time or termination of this Agreement in accordance with its terms; except pursuant to the exercise of any option outstanding on the date hereof. Notwithstanding the foregoing, Parent shall have the right to declare a cash dividend on the outstanding shares of Parent Common Stock at any time prior to the Effective Time only to the extent that the declaration and payment of such dividend does not interfere in any way with Parent's ability to satisfy the condition set forth in Section 7.11.

5.19 Permissible Investment. Each of the Parties acknowledges and agrees that, at or immediately after the Effective Time, up to $2.0 million of additional capital may be invested in Parent by certain investors, which may include Parent. To the extent any such additional investment shall be made by Persons other than Parent, such investor shall purchase shares of Parent Common Stock at the Investor Stock Purchase Price (after taking into account the adjustment described in the next sentence). To the extent any such additional investment is to be made by Parent, it shall be effected by increasing the amounts of the Agreed Upon Value of Parent and the Agreed Upon Value of Parent Post-Merger by the amount of such investment by Parent and then adjusting all definitions in Article 10 that are impacted by the foregoing changes to such agreed upon values so that such definitions reflect these changes. The Persons making such investments and the amounts to be invested must be determined prior to the filing of the Registration Statement.

5.20 Affiliate Letters. Within 10 Business Days after the date of this Agreement, the Company shall deliver to Parent a letter identifying all Persons who are to the Company's knowledge "affiliates" of the Company as defined in Rule 405 under the Securities Act. The Company shall use reasonable efforts to cause each such Person to deliver to Parent, prior to the Effective Time, a written agreement covering Rule 145 matters in customary form and reasonably acceptable to Parent and the Company.

ARTICLE 6
CONDITIONS TO PARENT'S AND MERGER SUBSIDIARY'S OBLIGATIONS

The obligation of Parent and Merger Subsidiary to effect the transactions contemplated herein shall be subject to the satisfaction at or prior to the Closing of each of the following conditions, any of which may be waived by Parent:

6.1 Representations and Warranties. The representations and warranties of the Company shall be true and correct in all respects as of the date of this Agreement and as of the Closing as though made on and as of the Closing (except that representations and warranties that by their terms speak specifically as of the date of this Agreement or another date shall be true and correct as of such date, and it being understood that, in determining the accuracy of such representations and warranties for purposes of this Section 6.1 and except as otherwise specifically set forth herein, any disclosure made pursuant to Section 5.8 shall be disregarded), *provided* that this condition shall be deemed satisfied unless any and all inaccuracies in the representations and warranties of the Company, in the aggregate, result in a Material Adverse Effect with respect to the Company.

6.2 Performance. The Company shall have performed and complied in all material respects with all agreements, covenants, obligations and conditions required by this Agreement to be performed or complied with by the Company on or prior to the Closing.

6.3 Filed Certificate of Merger. The Certificate of Merger shall have been filed with the Secretary of State of Delaware.

6.4 Required Approvals and Consents.

(a) All action required by Applicable Law and otherwise to be taken by the Board of Directors of the Company and the Stockholders to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby shall have been duly and validly taken.

(b) All action required by Applicable Law and otherwise to be taken by the shareholders of Parent to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby shall have been duly and validly taken.

(c) All Consents of or from all Governmental Authorities required hereunder to consummate the transactions contemplated herein, and those Consents of or from all Persons other than Governmental Authorities set forth on Schedule 6.4(c) shall have been delivered, made or obtained, and Parent shall have received copies thereof.

(d) Any and all filings and submissions required under any laws or regulations applicable to Parent for the consummation of the transactions contemplated by this Agreement shall have been timely made, and a response satisfactory to Parent shall have been received, or Parent shall be satisfied with the lack of any response, and all applicable statutory waiting periods shall have elapsed.

6.5 No Proceeding or Litigation. No suit, action, investigation, inquiry or other proceeding by any Governmental Authority or other person or entity shall have been instituted or threatened that (a) questions the validity or legality of the transactions contemplated hereby, or (b) is reasonably expected either individually or in the aggregate, to have a Material Adverse Effect on the Company.

6.6 Legislation. No Applicable Law shall have been enacted which prohibits, restricts or delays the consummation of the transactions contemplated hereby or any of the conditions to the consummation of such transaction.

6.7 No Material Adverse Effect. Since the date of this Agreement, there shall not have been any Material Adverse Effect on the Company, and Parent shall not have discovered any fact, event or circumstance which has not been disclosed to Parent in the Disclosure Schedule as of the date of this Agreement which has had, or would reasonably be expected to have, a Material Adverse Effect on the Company.

6.8 Certificates. Parent shall have received such certificates of the Company's officers, in a form and substance reasonably satisfactory to Parent, dated the Closing Date, to evidence compliance with the conditions set forth in this Article 6 and such other matters as may be reasonably requested by Parent.

6.9 Other Receipts; Good Standing. Parent shall have received (a) copies of the Certificate of Incorporation, or similar governing document of the Company, certified by the Secretary of State of the State of Delaware, and (b) Certificates of Good Standing (or their equivalent) with respect to the Company from the Secretary of State of the State of Delaware and from the Secretary of State of the State of Florida.

6.10 Exchange Agreement. The Company and Exchange Agent shall have executed and delivered the Exchange Agreement in a form reasonably acceptable to the parties thereto.

6.11 Share Transfer Restriction Agreements. Each of the Restricted Stockholders who were affiliated with the Company prior to the Merger shall have executed and delivered the Share Transfer Restriction Agreement.

6.12 Dissenting Shares. No more than 2.5% of the issued and outstanding shares of Company Capital Stock (determined on an as-converted-basis as of immediately prior to the Effective Time) shall be Dissenting Shares.

6.13 Company Debt. On or prior to the Closing Date, the Company shall have (i) amended its existing debt agreement due and payable as of the end of September 2011 or (ii) entered into an agreement with a new lender (or lenders) to refinance such debt agreement, upon terms consistent with those set forth on Schedule 6.13.

6.14 Conversion of Company Securities. All shares of Company Preferred Stock shall have been converted into shares of Company Common Stock, and all dividends waived thereon, prior to the Effective Time (the "Company Preferred Stock Conversion"). The Bridge Notes, and all accrued interest thereon, shall have been converted into shares of Company Common Stock in accordance with their terms prior to the Effective Time.

6.15 Company Tax Certificate. The Company shall have delivered to Dorsey & Whitney LLP the Company Tax Certificate, dated as of the Closing Date, signed by an authorized officer of the Company in his capacity as an officer of the Company.

6.16 Tax Opinion. Parent shall have received an opinion dated as of the Closing Date from Dorsey & Whitney LLP to the effect that the Merger will be for federal income tax purposes, a reorganization qualifying under the provisions of Section 368(a) of the Code and that each of Parent, Merger Subsidiary, and the Company will be a party to the reorganization within the meaning of Section 368(b) of the Code (such opinion, the "Tax Opinion"). The Tax Opinion shall be prepared on the basis of certain assumptions set forth therein, as well as certain representations, warranties and covenants reasonably requested by Dorsey & Whitney LLP and set forth in officer's certificates received from each of the Company (the "Company Tax Certificate") and Parent (the "Parent Tax Certificate"). The Company's counsel shall have a reasonable opportunity to review the Tax Opinion and provide comment before the Closing Date. Parent and the Company shall cooperate in good faith in the preparation of the Company Tax Certificate and the Parent Tax Certificate.

6.17 Form S-4. The Registration Statement shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings seeking a stop order, and any material "blue sky" and other state securities laws applicable to the registration and qualification of Parent Common Stock issuable or required to be reserved for issuance pursuant to this Agreement shall have been complied with.

6.18 Affiliates' Letters. Parent shall have received a letter from each Affiliate of the Company specified Section 5.20 hereof.

ARTICLE 7
CONDITIONS TO COMPANY'S OBLIGATIONS

The obligation of the Company to effect the transactions contemplated herein shall be subject to the satisfaction at or prior to the Closing of each of the following conditions, any of which may be waived by the Company:

7.1 Representations and Warranties. The representations and warranties of Parent and Merger Subsidiary contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing as though made on and as of the Closing (except that representations and warranties that by their terms speak specifically as of the date of this Agreement or another date shall be true and correct as of such date), *provided* that this condition shall be deemed satisfied unless any and all inaccuracies in the representations and warranties of Parent and Merger Subsidiary, in the aggregate, result in a Material Adverse Effect with respect to Parent or Merger Subsidiary.

7.2 Performance. Parent and Merger Subsidiary shall have performed and complied in all material respects with all agreements, covenants, obligations and conditions required by this Agreement to be performed or complied with by Parent and Merger Subsidiary at or prior to the Closing.

7.3 Filed Certificate of Merger. The Certificate of Merger shall have been filed with the Secretary of State of Delaware.

7.4 Required Approvals and Consents.

(a) All action required by Applicable Law and otherwise to be taken by the Board of Directors of the Company and the Stockholders to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby shall have been duly and validly taken.

(b) The Boards of Directors of Parent and Merger Subsidiary and Parent, as sole stockholder of Merger Subsidiary, shall have approved the transactions contemplated hereby, and all action required by Applicable Law and otherwise to be taken by Parent and the shareholders of Parent to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby shall have been duly and validly taken.

(c) All Consents of or from all Governmental Authorities required hereunder to consummate the transactions contemplated herein, and those Consents of or from all Persons other than Governmental Authorities set forth on Schedule 6.4(c) shall have been delivered, made or obtained, and Parent shall have received copies thereof.

(d) Any and all filings and submissions required under any laws or regulations applicable to Parent for the consummation of the transactions contemplated by this Agreement shall have been timely made, and a response satisfactory to the Company shall have been received, or the Company shall be satisfied with the lack of any response, and all applicable statutory waiting periods shall have elapsed.

7.5 No Proceeding or Litigation. No suit, action, investigation, inquiry or other proceeding by any Governmental Authority or other Person shall have been instituted or threatened that (a) questions the validity or legality of the transactions contemplated hereby, or (b) which is reasonably expected either individually or in the aggregate, to have a Material Adverse Effect on Parent or Merger Subsidiary. Parent shall not have received any communication from a third party relating to the Parent Intellectual Property Agreements or any agreement entered into by Parent pursuant to which Parent Intellectual Property (or former Parent Intellectual Property) was sold, licensed, assigned or the subject of a covenant.

7.6 Legislation. No Applicable Law shall have been enacted which prohibits, restricts or delays the consummation of the transactions contemplated hereby or any of the conditions to the consummation of such transaction.

7.7 No Material Adverse Effect. Since the date of this Agreement, there shall not have been any Material Adverse Effect on Parent or Merger Subsidiary, and the Company shall not have discovered any fact, event or circumstance which has not been disclosed to the Company as of the date of this Agreement which has had, or would reasonably be expected to have, a Material Adverse Effect on Parent or Merger Subsidiary.

7.8 Certificates. Parent shall have furnished the Company with such certificates of Parent's and Merger Subsidiary's officers, in a form and substance reasonably acceptable to the Company, dated the Closing Date, to evidence compliance with the conditions set forth in this Article 7 and such other matters as may be reasonably requested by the Company.

7.9 Other Receipts; Good Standing. The Company shall have received (a) copies of the Articles of Incorporation or Certificate of Incorporation, as applicable, or similar governing document of Parent and Merger Subsidiary, certified by the Secretary of State of the state of incorporation of Parent and Merger Subsidiary, and (b) a Certificate of Good Standing with respect to Parent from the Secretary of State of Minnesota and a Certificate of Good Standing with respect to Merger Subsidiary from the Secretary of State of Delaware.

7.10 Exchange Agreement. Parent and the Exchange Agent shall have executed and delivered the Exchange Agreement in a form reasonably acceptable to the parties thereto.

7.11 Share Transfer Restriction Agreements. Each of the Restricted Stockholders who were affiliated with Parent prior to the Merger shall have executed and delivered the Share Transfer Restriction Agreement.

7.12 Dissenting Shares. No more than 2.5% of the issued and outstanding shares of Company Capital Stock (determined on an as-converted-basis as of immediately prior to the Effective Time) shall be Dissenting Shares.

7.13 Parent Closing Funds. As of the Closing, Parent shall have Parent Closing Funds of not less than $10.5 million, and Parent shall have furnished the Company with a certificate of Parent's Chief Financial Officer, in a form reasonably satisfactory to the Company, dated as of the Closing Date, to such effect.

7.14 Conversion of Company Preferred Stock. The Company Preferred Stock Conversion shall have occurred.

7.15 Parent Tax Certificate. The Parent shall have delivered to Dorsey & Whitney LLP the Parent Tax Certificate, dated as of the Closing Date, signed by an authorized officer of Parent in his capacity as an officer of Parent.

7.16 Tax Opinion. Parent shall have received the Tax Opinion.

7.17 Form S-4. The Registration Statement shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings seeking a stop order, and any material "blue sky" and other state securities laws applicable to the registration and qualification of Parent Common Stock issuable or required to be reserved for issuance pursuant to this Agreement shall have been complied with.

ARTICLE 8
TERMINATION

8.1 Methods of Termination. Subject to the other provisions of this Article 8, this Agreement may be terminated and the transactions contemplated herein may be abandoned at any time notwithstanding approval thereof by the Stockholders, at any time prior to the Closing:

(a) By mutual written consent of Parent, Merger Subsidiary and the Company; or

(b) By Parent and Merger Subsidiary on or after the Termination Date, if any of the conditions provided for in Article 6 of this Agreement have not been reasonably satisfied or waived in writing by Parent prior to such date (unless the failure to satisfy such condition results primarily from a breach by Parent or Merger Subsidiary of any representation, warranty or covenant contained in this Agreement); or

(c) By the Company on or after the Termination Date, if any of the conditions provided for in Article 7 of this Agreement have not been reasonably satisfied or waived in writing by the Company prior to such date (unless the failure to satisfy such condition results primarily from a breach by the Company of any representation, warranty or covenant contained in this Agreement); or

(d) By Parent and Merger Subsidiary if there has been a material breach of any representation, warranty, covenant or agreement which remains uncured for 30 days after written notice thereof, or which breach, by its nature, cannot be cured prior to the Closing, on the part of the Company set forth in this Agreement; or

(e) By the Company if there has been a material breach of any representation, warranty, covenant or agreement which remains uncured for 30 days after written notice thereof, or which breach, by its nature, cannot be cured prior to the Closing, on the part of Parent or Merger Subsidiary set forth in this Agreement; or

(f) By any Party if any court of competent jurisdiction or any other Governmental Authority has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated hereby and such order, decree, ruling or other action has become final and non-appealable; or

(g) By Parent upon written notice to the Company if the Board of Directors of the Company withdraws, modifies or changes its recommendation regarding the approval of this Agreement or the Merger in a manner adverse to Parent; or

(h) By the Company upon written notice to Parent following receipt by the Company of a Section 5.9 Notice.

8.2 Procedure Upon Termination. In the event of termination of this Agreement and abandonment of the Merger pursuant to Section 8.1, written notice thereof will forthwith be given to the other Party or Parties, and the transactions contemplated herein will be abandoned, without further action by any Party hereto.

8.3 Effect of Termination. If this Agreement is terminated as provided herein:

(a) each Party will, upon request, return all documents, work papers and other material of any other Party (and all copies thereof) relating to the transactions contemplated herein, whether so obtained before or after the execution hereof, to the Party furnishing the same;

(b) the obligations of Sections 5.3 (Confidentiality), 5.10 (Public Announcements) and 11.3 (Expenses) will continue to be applicable; and

(c) except as otherwise provided herein to the contrary, no Party hereto shall have any liability to any other Party with respect to this Agreement except for any willful or intentional breach of, or knowing misrepresentation made in, this Agreement occurring prior to termination of this Agreement.

8.4 Survival. The representations and warranties made in Articles III and IV shall not survive beyond the Effective Time.

ARTICLE 9
TAX MATTERS

9.1 Tax-Deferred Reorganization. Prior to the closing, each of the Company, the Stockholders, and the Parent shall use its best efforts to cause the Merger to qualify as a reorganization under Section 368 of the Code, and shall not take any action independent of the transactions contemplated by this Agreement that are reasonably likely to cause the Merger to not so qualify. Parent shall not take, or cause or permit the Surviving Corporation to take, any action after the Closing that would reasonably be expected to cause the Merger not to qualify as a reorganization under Section 368 of the Code unless otherwise required by a Taxing Authority. None of the Company, the Stockholders, or Parent will take any position on any federal income Tax Return that is inconsistent with the treatment of the Merger as a reorganization for U.S. federal income tax purposes as of the Effective Time. The Stockholders, the Company and Parent shall each comply with the record keeping and information reporting requirements of Treasury Regulation Section 1.368-3. Notwithstanding the foregoing, and notwithstanding any statement or inference to the contrary in any other provision of this Agreement or any other agreement contemplated by this Agreement, it is agreed that no Party shall be considered to have made any representation or warranty to any other Party as to the qualification of the transactions contemplated by this Agreement as a reorganization under Section 368 of the Code. Each of the Company and Parent shall use its best efforts to deliver, respectively, the Company Tax Certificate and the Parent Tax Certificate described in Sections 6.16 and 7.15 to Dorsey & Whitney LLP, respectively. Each Party agrees that it has obtained independent tax advice in respect of the proper treatment of the Merger for federal income Tax purposes.

9.2 Transactional Taxes. Notwithstanding any other provision of this Agreement, all transfer, documentary, recording, notarial, sales, use, registration, stamp and other similar Taxes or fees imposed by any Taxing Authority in connection with the transactions contemplated by this Agreement will be borne by Parent.

ARTICLE 10
DEFINITIONS

10.1 Definitions. The following terms, as used herein, have the following meanings:

(a) "*Affiliate*" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under direct or indirect common control with such other Person, through the ownership of all or part of any Person, or (ii) any Person who may be deemed to be an "affiliate" under Rule 145 of the Securities Act of 1933, as amended.

(b) "*Agreed Upon Value of the Company*" means $16.0 million.

(c) "*Agreed Upon Value of Parent*" means $10.5 million, subject to adjustment as provided in Section 5.19.

(d) "*Agreed Upon Value of Parent Post-Merger*" means $27.5 million, subject to adjustment as provided in Section 5.19.

(e) *"Agreement"* shall have the meaning set forth in the Preamble.

(f) *"Alternative Transaction"* shall have the meaning set forth in Section 5.9(a).

(g) *"Alternative Transaction Agreement"* shall have the meaning set forth in Section 5.9(b).

(h) *"Annual Financial Statements"* shall have the meaning set forth in Section 3.8(a).

(i) "*Applicable Law*" means, with respect to any Person, any domestic or foreign, federal, state or local common law or duty, case law or ruling, statute, law, ordinance, policy, guidance, rule, administrative interpretation, regulation, code, order, writ, injunction, directive, judgment, decree or other requirement of any Governmental Authority applicable to such Person or any of its Affiliates or Plan Affiliates or any of their respective properties, assets, officers, directors, employees, consultants or agents (in connection with such officer's, director's, employee's, consultant's or agent's activities on behalf of such Person or any of its Affiliates or Plan Affiliates).

(j) "*Benefit Plan*" shall mean any Pension Plan, Welfare Plan or Compensation Plan.

(k) *"Bridge Notes"* shall mean those certain Convertible Promissory Notes issued by the Company pursuant to and in accordance with the terms of that certain Convertible Promissory Note and Warrant Purchase Agreement, dated June 11, 2010, as amended to date.

(l) "*Business Day*" means a day other than a Saturday, Sunday or other day on which commercial banks in Minneapolis, Minnesota are authorized or required by law to close.

(m) "*Certificate of Merger*" shall have the meaning set forth in Section 1.2.

(n) *"Change in Recommendation"* shall have the meaning set forth in Section 5.9(b).

(o) "*Closing*" shall have the meaning set forth in Section 1.4.

(p) "*Closing Date*" shall have the meaning set forth in Section 1.4.

(q) "*Closing Ratio*" means the number of shares of Parent Common Stock to be issued in the Merger for each share of Company Common Stock, or a number, calculated to four decimal points, equal to the quotient obtained by dividing (i) the Merger Consideration Shares (i.e., 7,267,087 shares) by (ii) the Fully Diluted Company Shares (i.e., 181,881,791 shares), or 0.03995500.

(r) "*COBRA*" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, as set forth in Section 4980B of the Code, part 6 of Title I of ERISA and applicable regulations issued thereunder.

(s) "*Code*" shall have the meaning set forth in the Recitals.

(t) *"Company"* shall have the meaning set forth in the Preamble.

(u) "*Company Board of Directors*" shall mean the board of directors of the Company at any given time.

(v) "*Company Capital Stock*" means Company Common Stock and Company Preferred Stock.

(w) "*Company Certificate*" and "*Company Certificates*" shall mean, individually and collectively, any certificate representing either shares of Company Common Stock or shares of Company Preferred Stock.

(x) "*Company Common Stock*" means the common stock, $.00001 par value, of the Company.

(y) "*Company Intellectual Property*" shall have the meaning set forth in Section 3.23(a).

(z) "*Company Preferred Stock*" means the Series A Convertible Preferred Stock, $.00001 per share par value, the Series B Convertible Preferred Stock, $.00001 per share par value, the Series C Convertible Preferred Stock, $.00001 per share par value, and the Series D Convertible Preferred Stock, $.00001 per share par value, of the Company.

(aa) "*Company Preferred Stock Conversion*" shall have the meaning set forth in Section 6.14.

(bb) "*Company Securities*" shall have the meaning set forth in Section 3.4.

(cc) "*Company Special Meeting*" shall have the meaning set forth in Section 5.7(a).

(dd) "*Company Stock Option*" means an option to purchase a share of the Company's Common Stock granted pursuant to the Company Stock Option Plan.

(ee) "*Company Stock Option Plan*" means the AxoGen Corporation 2002 Stock Option Incentive Plan, as amended.

(ff) "*Company Stockholder Percentage*" means the percentage of the Post-Closing Parent Shares to be held by the pre-Merger stockholders of the Company following the Merger, or the Agreed Upon Value of the Company (i.e., $16.0 million) divided by the Agreed Upon Value of Parent Post-Merger (i.e., $27.5 million), or 58.181818%.

(gg) "*Company Tax Certificate*" shall have the meaning set forth in Section 6.16.

(hh) "*Company Warrants*" means those warrants described in subsection (h) of Section 3.4 the Disclosure Schedule.

(ii) "*Compensation Plan*" means any material benefit or arrangement that is not either a Pension Plan or a Welfare Plan, including, without limitation, (i) each employment or consulting agreement, (ii) each arrangement providing for insurance coverage or workers' compensation benefits, (iii) each bonus, incentive bonus or deferred bonus arrangement, (iv) each arrangement providing termination allowance, severance or similar benefits, (v) each equity compensation plan, (vi) each current or deferred compensation agreement, arrangement or policy, (vii) each compensation policy and practice maintained by the Company or any ERISA Affiliate of the Company covering the employees, former employees, directors and former directors of the Company and the beneficiaries of any of them, and (viii) each agreement, arrangement or plan that provides for the payment of compensation to any person who provides services to the Company and who is not an employee, former employee, director or former director of the Company.

(jj) "*Consent*" or "*Consents*" shall have the meaning set forth in Section 3.6.

(kk) "*Contracts*" means all contracts, agreements, options, leases, licenses, sales and accepted purchase orders, commitments and other instruments of any kind, whether written or oral, to which the Company is a party on the Closing Date, including the Scheduled Contracts.

(ll) "*Department*" shall have the meaning set forth in Section 3.24(b).

(mm) "*DGCL*" shall have the meaning set forth in Section 1.1.

(nn) *"Disclose"* shall have the meaning set forth in Section 5.3.

(oo) "*Disclosure Schedule*" shall have the meaning set forth in the preamble to Article 3.

(pp) "*Dissenting Shares*" shall have the meaning set forth in Section 2.2.

(qq) "*DOL*" means the United States Department of Labor.

(rr) "*Effective Time*" shall have the meaning set forth in Section 1.2.

(ss) "*Employee*" shall have the meaning set forth in Section 3.23(a).

(tt) "*Endo*" shall have the meaning set forth in Section 4.13(a).

(uu) "*Environmental Costs*" shall have the meaning set forth in Section 3.26(a).

(vv) "*Environmental Law*" shall have the meaning set forth in Section 3.26(a).

(ww) "*ERISA*" shall have the meaning set forth in Section 3.23(a).

(xx) "*ERISA Affiliates*" shall have the meaning set forth in Section 3.23(a).

(yy) "*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

(zz) "*Exchange Agent*" shall have the meaning set forth in Section 2.3(a).

(aaa) "*Exchange Agreement*" shall have the meaning set forth in Section 2.3(a).

(bbb) "*Exchange Fund*" shall have the meaning set forth in Section 2.3(a).

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

(ddd) "*FDCA*" means the Federal Food, Drug and Cosmetic Act (including the rules and regulations of the FDA promulgated thereunder).

(eee) "*Fully Diluted Company Shares*" means 181,881,791 shares of Company Common Stock, or the total number of shares of Company Common Stock issued and outstanding as of immediately prior to the Effective Time plus all shares of Company Common Stock issuable as of immediately prior to the Effective Time upon conversion of (x) all outstanding shares of Company Preferred Stock, (y) the Investor Notes and (z) the Bridge Notes and all accrued interest thereon, and upon exercise of all (i) outstanding Company Stock Options and (ii) Company Stock Options reserved for issuance under the Company Stock Option Plan, in each case without regard to whether or not such Company Preferred Stock or Company Stock Option is then convertible or exercisable in accordance with its terms.

(fff) "*Fully Diluted Parent Shares*" means 4,769,026 shares of Parent Common Stock or the total number of shares of Parent Common Stock issued and outstanding immediately prior to the Effective Time plus all shares of Parent Common Stock issuable immediately prior to the Effective Time upon exercise of all outstanding Parent Stock Options, without regard to whether or not any such Parent Stock Option is then exercisable in accordance with its terms.

(ggg) "*GAAP*" means generally accepted accounting principles in the United States.

(hhh) "*Governmental Authority*" means any foreign, domestic, federal, territorial, state or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

(iii) "*Governmental Authorization*" means any approval, consent, license, permit, waiver, registration or other authorization that is binding upon the Company and issued, granted, given, made available or otherwise required by any Governmental Authority with jurisdiction over the Company or pursuant to law.

(jjj) "*Governmental Order*" means any judgment, injunction, writ, order, ruling, award or decree by any Governmental Authority or arbitrator.

(kkk) "*Government Programs*" means Medicare, Medicaid and any other government-sponsored health care program.

(lll) "*Grants*" shall have the meaning set forth in Section 3.20.

(mmm) "*Hazardous Materials*" shall have the meaning set forth in Section 3.26(a).

(nnn) *"HIPAA"* shall have the meaning set forth in Section 3.14.

(ooo) "*HIPAA Privacy, Security and other Administrative Simplification Regulations*" means the regulations issued by the U.S. Department of Health and Human Services pursuant to the Health Insurance Portability and Accountability Act of 1996.

(ppp) "*HSR Act*" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(qqq) *"IDE"* shall have the meaning set forth in Section 3.12(g).

(rrr) *"IND"* shall have the meaning set forth in Section 3.12(g).

(sss) "*Information*" shall have the meaning set forth in Section 5.3.

(ttt) "*Information Statement*" shall have the meaning set forth in Section 3.7.

(uuu) "*Initial Lock-Up Period*" shall have the meaning set forth in Section 5.14(a).

(vvv) *"Intellectual Property"* shall have the meaning set forth in Section 5.25(a).

(www) *"Internet Names"* shall have the meaning set forth in Section 5.25(a).

(xxx) "*Investors*" shall have the meaning set forth in the Recitals.

(yyy) "*Investor Notes*" shall have the meaning set forth in the Recitals.

(zzz) *"Investor Note Conversion Price"* means the price at which the principal amount of the Investor Notes will convert into Company Common Stock immediately prior to the Effective Time, or the Agreed Upon Value of the Company (i.e., $16.0 million) divided by the Fully Diluted Company Shares (i.e., 181,881,791 shares), or $0.08796922.

(aaaa) *"Investor Stock Purchase Price"* means the price at which the Investors will purchase shares of Parent Common Stock immediately following the Effective Time, or the Agreed Upon Value of Parent (i.e. $10.5 million) divided by the Fully Diluted Parent Shares (i.e. 4,769,026), or $2.2017.

(bbbb) "*IRS*" means the Internal Revenue Service.

(cccc) "*Key Patents*" shall have the meaning set forth in Section 4.13(b).

(dddd) "*knowledge*" means, when used with respect to any Person, the actual knowledge of any officer of such Person after due inquiry.

(eeee) "*Latest Balance Sheet*" shall have the meaning set forth in Section 3.8(a).

(ffff) "*Latest Financial Statements*" shall have the meaning set forth in Section 3.8(a).

(gggg) "*Liability*" or "*Liabilities*" means any liabilities, obligations or claims of any kind whatsoever whether absolute, accrued or un-accrued, fixed or contingent, matured or un-matured, asserted or unasserted, known or unknown, direct or indirect, contingent or otherwise and whether due or to become due, including without limitation any foreign or domestic tax liabilities or deferred tax liabilities incurred in respect of or measured by any Person's income, or any other debts, liabilities or obligations relating to or arising out of any act, omission, transaction, circumstance, sale of goods or services, state of facts or other condition which occurred or existed on or before the date hereof, whether or not known, due or payable, whether or not the same is required to be accrued on financial statements or is disclosed on the Disclosure Schedule or the Parent Disclosure Schedule, as applicable.

(hhhh) "*Lien*" means, with respect to any property or asset, any mortgage, title defect or objection, lien, pledge, charge, security interest, hypothecation, encumbrance, adverse claim or charge of any kind in respect of such property or asset.

(iiii) *"List"* shall have the meaning set forth in Section 3.26(a).

(jjjj) "*Material Adverse Effect*" means, with respect to the Company or Parent, in either case as applicable, an individual or cumulative adverse change, condition, event, effect, occurrence, state of facts or development which is, or would reasonably be expected to become, materially adverse to (i) the business, properties, condition (financial or otherwise) or assets of such Party and its Subsidiaries taken as a whole; or (ii) the ability of such Party to consummate the transactions contemplated hereby on a timely basis, other than as a result of (A) changes, conditions or events that are generally applicable to the industry in which the Company, Parent or the Merger Subsidiary, as applicable, operates or the U.S. or global economy in general, or acts of war, armed hostilities or terrorism, (B) the announcement of the transactions contemplated by this Agreement, (C) any natural disasters or acts of God, (D) changes in Applicable Law or U.S. GAAP or interpretations thereof, or (E) solely with respect to the Company, any failure, in and of itself, to meet internal or published projections, forecasts or revenue or earning predictions for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may be taken into account in determining whether there has been or will be a Material Adverse Effect).

(kkkk) *"Medical Device*" shall have the meaning set forth for the term "device" in the FDCA § 201(h).

(llll) "*Merger*" shall have the meaning set forth in Section 1.1.

(mmmm) "*Merger Consideration*" shall have the meaning set forth in Section 2.1(b).

(nnnn) "*Merger Consideration Shares*" means the aggregate number of shares of Parent Common Stock potentially to be issued to the Stockholders as consideration in the Merger, or the Post-Closing Parent Shares (i.e., 12,490,306 shares) multiplied by the Company Stockholder Percentage (i.e., 58.181818%), or 7,267,087 shares.

(oooo) *"Merger Subsidiary"* shall have the meaning set forth in the Preamble.

(pppp) "*Net Cash*" means Parent's cash and cash equivalents as of the Effective Time, less any unpaid transaction costs, any declared but unpaid cash dividends and any expenses or other known Liabilities owing by Parent as of the Effective Time (including any Liability for projected Taxes arising as a result of Parent's 2011 revenue through the Effective Time after taking into account the projected revenue and expenses of Parent for the full year of 2011 including the revenue and expenses of Company after the Effective Time, all as shall be determined by the Company in good faith no less than two Business Days prior to the Closing Date).

(qqqq) "*Operating Budget*" means that certain operating budget for the Company covering the period from the date hereof through the Closing Date which has been delivered by the Company to Parent on the date hereof.

(rrrr) *"Parent"* shall have the meaning set forth in the Preamble.

(ssss) "*Parent Annual Meeting*" shall have the meaning set forth in Section 5.7(b).

(tttt) "*Parent Board of Directors*" shall mean the board of directors of Parent at any given time.

(uuuu) "*Parent Closing Funds*" means Net Cash plus the principal amount of any loans outstanding to the Company from Parent as of the Effective Time.

(vvvv) "*Parent Closing Share Price*" means the average of the closing sale price (as reported by The OTC Bulletin Board at the end of regular trading) of one share of Parent Common Stock on each of the 60 trading days ending on (and including) the date immediately prior to the Closing Date.

(wwww) "*Parent Common Stock*" means the common stock, $0.01 par value per share, of Parent.

(xxxx) *"Parent Contracts"* shall have the meaning set forth in Section 4.18.

(yyyy) *"Parent Disclosure Schedule"* shall have the meaning set forth in the preamble to Article 4.

(zzzz) *"Parent Employees"* shall have the meaning set forth in Section 4.22(a).

(aaaaa) *"Parent ERISA Affiliates"* shall have the meaning set forth in Section 4.22(a).

(bbbbb) "*Parent Intellectual Property*" shall have the meaning set forth in Section 4.12(a).

(ccccc) "*Parent Intellectual Property Agreements*" shall have the meaning set forth in Section 4.13 (a).

(ddddd) *"Parent Latest Financials"* shall have the meaning set forth in Section 4.8(b).

(eeeee) *"Parent Permits"* shall have the meaning set forth in Section 4.16.

(fffff) *"Parent Plan"* shall have the meaning set forth in Section 4.21(a).

(ggggg) *"Parent Products"* shall have the meaning set forth in Section 4.14(c).

(hhhhh) "*Parent SEC Reports*" shall have the meaning set forth in Section 4.8(a).

(iiiii) "*Parent Securities*" shall have the meaning set forth in Section 4.4(a).

(jjjjj) "*Parent Stock Option*" means an option to purchase a share of Parent Common Stock granted pursuant to the Parent Stock Option Plan.

(kkkkk) "*Parent Stock Option Plan*" means the 2010 Stock Incentive Plan of LecTec Corporation.

(lllll) "*Parent Stockholder Percentage*" means the percentage of the Post-Closing Parent Shares to be held by the pre-Merger shareholders of Parent following the Merger, or the Agreed Upon Value of Parent (i.e., $10.5 million) divided by the Agreed Upon Value of Parent Post-Merger (i.e., $27.5 million), or 38.181818%.

(mmmmm) "*Parent Tax Certificate*" shall have the meaning set forth in Section 6.16.

(nnnnn) *"Parties"* shall have the meaning set forth in the Preamble.

(ooooo) "*Patent Purchase Agreement*" shall have the meaning set forth in Section 4.13(a).

(ppppp) "*Patent Purchase Agreement Letters*" shall have the meaning set forth in Section 7.18.

(qqqqq) "*Pension Plan*" means an "employee pension benefit plan" as such term is defined in Section 3(2) of ERISA.

(rrrrr) "*Permits*" shall have the meaning set forth in Section 3.16.

(sssss) "*Permitted Liens*" means, as may be applicable to each Party, (i) Liens for Taxes or governmental assessments, charges or claims the payment of which is not yet due, or for Taxes the validity of which are being contested in good faith by appropriate proceedings and which contested Taxes are described on the Disclosure Schedule; (ii) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other similar Persons and other Liens imposed by Applicable Law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith; (iii) Liens relating to deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of leases, trade contracts or other similar agreements; (iv) Liens and encumbrances specifically identified in the Latest Balance Sheet; (v) Liens securing executory obligations under any lease that constitutes an "operating lease" under GAAP; (vi) Liens granted in connection with purchase money obligations; (vii) zoning, entitlement, building and other land use regulations imposed by Governmental Authorities having jurisdiction over such Person's owned or leased real property, which are not violated by the current use and operation of such real property; (viii) covenants, conditions, restrictions, easements and other similar non-monetary matters of record affecting title to such Person's owned or leased real property, which do not materially impair the occupancy or use of such real property for the purposes for which it is currently used in connection with such Person's businesses; (ix) any right of way or easement related to public roads and highways, which do not materially impair the occupancy or use of such real property for the purposes for which it is currently used in connection with such Person's businesses; (x) Liens arising under workers' compensation, unemployment insurance, social security, retirement and similar legislation; (xi) any Liens issued in connection with (a) the Convertible Promissory Note and Warrant Purchase Agreement, dated June 11, 2010, by and among the Company and the purchasers party thereto, as amended to date, (b) the first priority Liens in favor of Oxford Finance LLC, as an agent pursuant to the Loan and Security Agreement, dated April 21, 2008, as amended to date, by and among the Company, Oxford Finance LLC and ATEL Ventures, Inc., and (c) the notes secured under the Security Agreement, dated as of May 3, 2011, given by the Company to Parent; and (xii) other Liens set forth on the Disclosure Schedule.

(ttttt) "*Person*" means an individual, corporation, partnership, limited liability company, association, trust, estate or other entity or organization, including a Governmental Authority.

(uuuuu) "*Plan*" shall have the meaning set forth in Section 3.23(a).

(vvvvv) "*Plan Affiliate*" means, with respect to any Person, any Benefit Plan sponsored by, maintained by or contributed to by such Person, and with respect to any Benefit Plan, any Person sponsoring, maintaining or contributing to such plan or arrangement.

(wwwww) "*Post-Closing Parent Shares*" means the Fully Diluted Parent Shares (*i.e.*, 4,769,026 shares) divided by the Parent Stockholder Percentage (i.e., 38.181818%), or 12,490,306 shares of Parent Common Stock.

(xxxxx) "*Product*" or "*Products*" means (i) the Company's allograft nerve product known as the Avance Nerve Graft™, (ii) the Company's nerve cuff technology products known as Axoguard Nerve Connector™ and Axoguard Nerve Protector™, and (iii) any product or products that are derived from such technologies.

(yyyyy) "*Program*" shall have the meaning set forth in Section 3.13.

(zzzzz) "*Property*" shall have the meaning set forth in Section 3.26(a).

(aaaaaa) "*Proxy Statement*" shall have the meaning set forth in Section 3.7.

(bbbbbb) "*Registered Company Intellectual Property*" shall have the meaning set forth in Section 3.25(d).

(cccccc) "*Registered Parent Intellectual Property*" shall have the meaning set forth in Section 4.12(d).

(dddddd) "*Registration Statement*" shall have the meaning set forth in Section 5.6(b).

(eeeeee) "*Regulatory Action*" shall have the meaning set forth in Section 3.24(a).

(ffffff) "*Release*" shall have the meaning set forth in Section 3.26(a).

(gggggg) "*Representatives*" shall have the meaning set forth in Section 5.3.

(hhhhhh) "*Restricted Stockholder*" shall have the meaning set forth in Section 5.14.

(iiiiii) "*Scheduled Contracts*" shall have the meaning set forth in Section 3.22(a).

(jjjjjj) *"Section 5.9 Notice"* shall have the meaning set forth in Section 5.9(c).

(kkkkkk) "*Securities Act*" means the Securities Act of 1933, as amended.

(llllll) "*SEC*" means the Securities and *Exchange Commission.*

(mmmmmm) *"Share* Transfer Restriction Agreement" shall have the meaning set forth in Section 5.14.

(nnnnnn) *"Social Media Names"* shall have the meaning set forth in Section 5.25(a).

(oooooo) "*Stockholders*" means the Persons who hold of record immediately prior to the Effective Time shares of Company Capital Stock.

(pppppp) "*Subsidiary*" or "*Subsidiaries*" mean each corporation or other legal entity as to which more than 50% of the outstanding equity securities having ordinary voting rights or power at the time of determination is being made is owned or controlled, directly or indirectly, by a Person.

(qqqqqq) *"Superior Proposal"* means a bona fide proposal of an Alternative Transaction that the Parent Board of Directors determines in good faith (after consultation with outside legal and financial advisors) is more favorable from a financial point of view to the holders of Parent Common Stock than the transactions contemplated by this Agreement, taking into account (a) all financial considerations, (b) the identity of the third party making such Superior Proposal, (c) the anticipated timing, conditions and prospects for completion of such Superior Proposal, and (d) the other terms and conditions of such Superior Proposal and the implications thereof for the Parent.

(rrrrrr) "*Surviving Corporation*" shall have the meaning set forth in Section 1.1.

(ssssss) "*Tax*" or "*Taxes*" means any federal, state, local and foreign taxes, charges, fees, levies, or other assessments or liabilities of any kind payable to any Governmental Authority, including, without limitation, all net income, alternative, minimum, profits or excess profits, franchise, license, gross income, adjusted gross income, transfer, employment, social security, Medicare, unemployment, withholding, disability, workers' compensation, payroll, occupation, estimated, severance, real or personal property, ad valorem, sales, use, excise, stamp, value added, service, premium, environmental or other taxes or customs duties, fees, assessments, or charges of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, whether disputed or not and including any obligation to indemnify or otherwise assume or succeed to the tax liability of any other Person, and including, without limitation, all interest and penalties thereon, and additions to Tax or additional amounts imposed by Governmental Authority (domestic or foreign) responsible for the imposition of any such tax.

(tttttt) "*Tax Opinion*" shall have the meaning set forth in Section 6.16.

(uuuuuu) "*Tax Return*" shall mean any return, declaration, report, estimate, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any legal requirement relating to any Tax.

(vvvvvv) "*Taxing Authority*" shall mean any Governmental Authority having jurisdiction with respect to any Tax.

(wwwwww) "*Termination Date*" shall mean September 26, 2011.

(xxxxxx) "*Third-Party Environmental Claim*" shall have the meaning set forth in Section 3.26(a).

(yyyyyy) "*Third-Party Intellectual Property*" shall have the meaning set forth in Section 3.23(i).

(zzzzzz) "*Transfer*" shall have the meaning set forth in Section 5.14(a).

(aaaaaaa) "*Welfare Plan*" means an "*employee welfare benefit plan*" as such term is defined in Section 3(1) of ERISA (including without limitation a plan excluded from coverage by Section 4 of ERISA).

(bbbbbbb) "*Work Permits*" shall have the meaning set forth in Section 3.24(b).

ARTICLE 11
MISCELLANEOUS

11.1 Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (a) if personally delivered, when so delivered, (b) if mailed, two Business Days after having been sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below, (c) if given by e-mail, once such notice or other communication is transmitted to the e-mail specified below; provided, however, that such notice or other communication is promptly thereafter mailed in accordance with the provisions of clause (b) above, or (d) if sent through an overnight delivery service in circumstances to which such service guarantees next day delivery, the day following being so sent:

If to the Company:

To: AxoGen, Inc.
13859 Progress Blvd., Suite 100
Alachua, FL 32615
Attn: Karen Zaderej, Chief Executive Officer
Email: kzaderej@axogeninc.com

With a copy to:

Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103
Attn: Fahd M.T. Riaz
Email: friaz@morganlewis.com

If to Parent or Merger Subsidiary:

To: LecTec Corporation
1407 South Kings Highway
Texarkana, TX 75501
Attn: Gregory G. Freitag, CEO
Email: ceo@lectec.com

With copies to:

Gregory G. Freitag
909 Kenwood Parkway
Minneapolis, MN 55403
Email: ceo@lectec.com

and

Dorsey & Whitney LLP
50 south Sixth Street, Suite 1500
Minneapolis, MN 55402
Attn: Timothy S. Hearn
Email: Hearn.Tim@dorsey.com

Any Party may give any notice, request, demand, claim or other communication hereunder using any other means (including ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the individual for whom it is intended. Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

11.2 Amendments; No Waivers.

(a) Subject to Applicable Law, any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by all Parties, or in the case of a waiver, by the Party against whom the waiver is to be effective.

(b) No waiver by a Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence. No failure or delay by a Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

11.3 Expenses. Except as otherwise provided herein, all costs, fees and expenses incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and in closing and carrying out the transactions contemplated hereby shall be paid by the Party incurring such cost or expense; provided that, (i) in the event the Company breaches its agreement in Section 5.9 and the Merger is not consummated, then Parent shall be entitled to reimbursement from Company for its reasonable costs, fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby and (ii) in the event (A) Parent breaches its agreement in Section 5.9 and the Merger is not consummated or (B) this Agreement is terminated by the Company pursuant to Section 8.1(h), then the Company shall be entitled to reimbursement from Parent for its reasonable costs, fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby. This Section 11.3 shall survive the termination of this Agreement.

11.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of each other Party.

11.5 Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State of Delaware (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

11.6 Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts and the signatures delivered by facsimile, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by the other Parties.

11.7 Entire Agreement. This Agreement (including the exhibits, schedules and other agreements referred to herein or therein) constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter of this Agreement, including, without limitation, the Letter of Intent. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the Parties any rights or remedies hereunder.

11.8 Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. All references to an Article or Section include all subparts thereof.

11.9 Severability. If any provision of this Agreement, or the application thereof to any Person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other Persons, places and circumstances shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

11.10 Construction. The Parties intend that each representation, warranty and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or covenant.

11.11 Cumulative Remedies. Except as otherwise provided herein, the rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law or equity.

11.12 Third Party Beneficiaries. No provision of this Agreement shall create any third party beneficiary rights in any Person, including any employee or former employee of Parent, Merger Subsidiary or the Company or any Affiliate thereof (including any beneficiary or dependent thereof).

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

PARENT: **LECTEC CORPORATION**

By: /s/ Gregory G. Freitag
Gregory G. Freitag
Chief Executive Officer

MERGER SUBSIDIARY: **NERVE MERGER SUB CORP.**

By: /s/ Gregory G. Freitag
Gregory G. Freitag
Chief Executive Officer

COMPANY: **AXOGEN CORPORATION**

By: /s/ Karen Zaderej
Karen Zaderej
Chief Executive Officer

- Signature Page to Agreement and Plan of Merger -

Exhibit 2.2

VOTING AGREEMENT

This **Voting Agreement** (this "*Agreement*") is made and entered into as of May 26, 2011 by and between the undersigned shareholder ("*Shareholder*") of LecTec Corporation, a Minnesota corporation (the "*Parent*"), and Parent. Each term used herein but not otherwise defined herein shall have the meaning ascribed thereto in that certain Agreement and Plan of Merger (the "*Merger Agreement*"), dated of even date herewith, by and among Parent, Nerve Merger Sub Corp., a Delaware corporation and wholly owned subsidiary of Parent ("*Merger Subsidiary*"), and AxoGen Corporation, a Delaware corporation (the "*Company*").

WHEREAS, concurrently with or following the execution of this Agreement, Parent, Merger Subsidiary and the Company, have entered, or will enter, into the Merger Agreement, providing for, among other things, the merger (the "*Merger*") of Merger Subsidiary and the Company pursuant to the terms and conditions of the Merger Agreement;

WHEREAS, Shareholder deems it to be in Shareholder's best interest and the best interests of Parent and all other shareholders of Parent that the Merger Agreement be approved, ratified and confirmed by the shareholders of Parent, and it is a condition to the Company's obligations under the Merger Agreement that Shareholder enter into this Agreement;

WHEREAS, it is understood and acknowledged by Shareholder that (i) the execution of the Merger Agreement by Parent and Merger Subsidiary is being done in reliance, in part, upon the execution and delivery of this Agreement and (ii) that Parent and Merger Subsidiary will incur substantial expenses proceeding toward consummation of the Merger as contemplated by the Merger Agreement and that such expenses will be undertaken, in part, in reliance upon and as a result of the agreements and undertakings of Shareholder set forth herein; and

WHEREAS, Shareholder is willing to make certain representations, warranties, covenants and agreements with respect to the shares of common stock, par value $0.01 per share, of Parent ("*Parent Common Stock*") beneficially owned by Shareholder and set forth below Shareholder's signature on the signature page hereto (the "*Shares*").

NOW, THEREFORE, in consideration of the premises and covenants contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Voting. During the period commencing on the date hereof and terminating upon the earlier of the Effective Time or the termination of the Merger Agreement in accordance with its terms, Shareholder agrees to vote (or cause to be voted) all Shares presently legally or beneficially owned by Shareholder at any meeting of the shareholders of the Parent:

(a) in favor of the approval of: (i) an amendment to Parent's Articles of Incorporation to increase Parent's authorized capital stock; (ii) an amendment to Parent's Articles of Incorporation to change the name of Parent as of the Effective Time to such name as determined by the Parent and the Company; (iii) an amendment to the Parent Stock Option Plan to increase the number of shares authorized for issuance under such Plan; (iv) an increase in the number of members on Parent's Board of Directors to seven; (v) the election of seven Persons nominated by the Board of Directors of Parent to serve as directors of Parent from and after the Effective Time; and (vi) execution of the Merger Agreement and performance by Parent thereunder. To the extent inconsistent with the foregoing provisions of this Section 1, Shareholder hereby revokes any and all previous proxies granted or voting agreement executed by Shareholder with respect to any Shares;

(b) against any action or agreement that would result in a breach of any representation, warranty, covenant or obligation of Parent in the Merger Agreement; and

(c) against the following actions (other than the Merger and the transactions contemplated by the Merger Agreement): (i) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving Parent or any Subsidiary of Parent; (ii) any sale, lease, sublease, license, sublicense or transfer of a material portion of the rights or other assets of Parent or any Subsidiary of Parent; (iii) any reorganization, recapitalization, dissolution or liquidation of Parent or any Subsidiary of Parent; and (iv) any other action which is intended, or could reasonably be expected, to impede, interfere with, delay, postpone, discourage or adversely affect the Merger or any of the other transactions contemplated by the Merger Agreement or this Agreement.

2. Representations and Warranties of Shareholder. Shareholder represents and warrants to Parent and Merger Subsidiary that:

(a) Stockholder owns beneficially (as such term is defined in Rule 13d-3 under the Exchange Act) all of the Shares free and clear of all Liens and except pursuant hereto, there are no options, warrants or other rights, agreements, arrangements or commitments of any character to which Shareholder is a party relating to the pledge, disposition or voting of any of the Shares and there are no voting trusts or voting agreements with respect to the Shares.

(b) Shareholder does not beneficially own any shares of Parent Common Stock other than (i) the Shares and (ii) any options, warrants or other rights to acquire any additional shares of Parent Common Stock or any security exercisable for or convertible into shares of Parent Common Stock, set forth on the signature page of this Agreement (collectively, "*Options*").

(c) Shareholder has full power and authority and legal capacity to enter into, execute and deliver this Agreement and to perform fully Shareholder's obligations hereunder. This Agreement has been duly and validly executed and delivered by Shareholder and constitutes the legal, valid and binding obligation of Shareholder, enforceable against Shareholder in accordance with its terms.

(d) None of the execution and delivery of this Agreement by Shareholder, the consummation by Shareholder of the transactions contemplated hereby or compliance by Shareholder with any of the provisions hereof will conflict with or result in a breach, or constitute a default (with or without notice of lapse of time or both) under any provision of, any trust agreement, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument or law applicable to Shareholder or to Shareholder's property or assets.

(e) No consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority or other Person on the part of Shareholder is required in connection with the valid execution and delivery of this Agreement.

3. Irrevocable Proxy. Shareholder hereby constitutes and appoints Gregory G. Freitag and Timothy M. Heaney, and each of them, with full power of substitution and re—substitution, as the proxy of Shareholder with respect to the matters set forth herein, and hereby authorizes each of them to represent and to vote if and only if Shareholder (i) fails to vote or (ii) attempts to vote (whether by proxy, in person or by written consent), in a manner that is inconsistent with the terms of this Agreement, the Shares in favor of the matters set forth in Section 1 of this Agreement pursuant to and in accordance with the terms and provisions of this Agreement. The proxy granted pursuant to the immediately preceding sentence is given in consideration of the agreements and covenants of the Company, Merger Subsidiary and Parent in connection with the transactions contemplated by the Merger Agreement and this Agreement and, as such, is coupled with an interest and shall be irrevocable unless and until the earlier of the Effective Time or the termination of the Merger Agreement in accordance with its terms.

4. No Voting Trusts or Other Arrangements. Shareholder agrees that Shareholder will not, and will not permit any entity under Shareholder's control to, deposit any of the Shares in a voting trust, grant any proxies with respect to the Shares or subject any of the Shares to any arrangement with respect to the voting of the Shares other than agreements entered into with Parent.

5. Transfer and Encumbrance. Shareholder agrees that during the term of this Agreement, Shareholder will not, directly or indirectly, transfer, sell, offer, exchange, assign, pledge or otherwise dispose of or encumber ("*Transfer*") any of the Shares or enter into any contract, option or other agreement with respect to, or consent to, a Transfer of, any of the Shares or Shareholder's voting or economic interest therein. Any attempted Transfer of Shares or any interest therein in violation of this Section 5 shall be null and void. This Section 5 shall not prohibit a Transfer of the Shares by Shareholder to any member of Shareholder's immediate family, or to a trust for the benefit of Shareholder or any member of Shareholder's immediate family, or upon the death of Shareholder, or to an Affiliate of Shareholder; *provided*, that a Transfer referred to in this sentence shall be permitted only if, as a precondition to such Transfer, the transferee agrees in a writing, reasonably satisfactory in form and substance to Parent, to be bound by all of the terms of this Agreement.

6. Additional Shares. Shareholder agrees that all shares of Parent Common Stock that Shareholder purchases, acquires the right to vote or otherwise acquires beneficial ownership (as defined in Rule 13d—3 under the Exchange Act, but excluding shares of Parent Common Stock underlying unexercised Options) of after the execution of this Agreement shall be subject to the terms of this Agreement and shall constitute Shares for all purposes of this Agreement.

7. No Agreement as Director or Officer. Shareholder makes no agreement or understanding in this Agreement in Shareholder's capacity as a director or officer of Parent or any of its Subsidiaries and nothing in this Agreement: (a) will limit or affect any actions or omissions taken by Shareholder in Shareholder's capacity as a director or officer, including in exercising rights under the Merger Agreement, and no such actions or omissions shall be deemed a breach of this Agreement; or (b) will be construed to prohibit, limit or restrict Shareholder from exercising Shareholder's fiduciary duties as an officer or director to Parent or its shareholders.

8. Miscellaneous.

(a) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as expressly permitted hereunder, no party hereto may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party.

(b) Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State of Minnesota (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

(c) Injunctive and Equitable Relief. If Shareholder fails to adhere fully to the terms and conditions of this Agreement, Shareholder shall be liable to Parent for any damages suffered by reason of any such breach of the terms and conditions hereof. Shareholder acknowledges and agrees that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Shareholder further agrees that in the event of a breach of any of the terms or conditions of this Agreement by Shareholder, and in addition to all other remedies that may be available in law or in equity to Parent, a preliminary and permanent injunction, without bond or surety, and an order of a court requiring Shareholder to cease and desist from violating the terms and conditions of this Agreement and specifically requiring Shareholder to perform its obligations hereunder is fair and reasonable.

(d) Cumulative Remedies. Except as otherwise provided herein, the rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(e) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter of this Agreement. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

(f) Amendments; No Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by both parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective. No waiver by a party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence. No failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(g) Construction. The parties hereto intend that each representation, warranty and covenant contained herein shall have independent significance. If any party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant.

(h) Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given (a) if personally delivered, when so delivered, (b) if mailed, two Business Days after having been sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below, (c) if given by facsimile, once such notice or other communication is transmitted to the facsimile number specified below and electronic confirmation is received; *provided, however*, that such notice or other communication is promptly thereafter mailed in accordance with the provisions of clause (b) above, or (d) if sent through an overnight delivery service in circumstances to which such service guarantees next day delivery, the day following being so sent:

If to Parent:

LecTec Corporation
1407 South Kings Highway
Texarkana, Texas 75501
Attn: Gregory G. Freitag, Chief Executive Officer
Fax: (763) 559—7593

With a copy to:

Gregory G. Freitag
909 Kenwood Parkway
Minneapolis, Minnesota 55403
E—mail: ceo@lectec.com

And a copy to:

Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, Minnesota 55402
Attn: Timothy S. Hearn

Fax: (612) 340—8738

If to Shareholder:

Sanford and Linda Brink
1102 120th Street
Roberts,Wisconsin 54023
Fax: _____

Any party may give any notice, request, demand, claim or other communication hereunder using any other means (including ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the individual for whom it is intended. Any party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties notice in the manner herein set forth.

(j) Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts and the signatures delivered by facsimile, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

(*k) Severability.* If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other Persons, places and circumstances shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

(l) Further Assurances. The Shareholder agrees upon request to execute any further documents or instruments necessary or desirable to carry out the purposes or intent of this Agreement.

(m) Termination of Agreement. This Agreement shall terminate upon the earliest to occur of (i) the Effective Time and (ii) the date on which the Merger Agreement is terminated in accordance with its terms.

(Remainder of page intentionally left blank; signature page follows)

IN WITNESS WHEREOF, the undersigned hereby execute this Voting Agreement effective May 26, 2011.

Sanford Brink

/s/ Sanford Brink

Linda Brink

/s/ Linda Brink

Number of Shares Beneficially Owned as of Date of this Agreement: 345,280

Number of Options Beneficially Owned as of Date of this Agreement: 10,000

LecTec Corporation

By: /s/ Gregory G. Freitag
Name: Gregory G. Freitag
Title: Chief Executive Officer

(Signature Page to Voting Agreement)

Exhibit 2.3

VOTING AGREEMENT

This **Voting Agreement** (this "*Agreement*") is made and entered into as of May 26, 2011 by and between the undersigned shareholder ("*Shareholder*") of LecTec Corporation, a Minnesota corporation (the "*Parent*"), and Parent. Each term used herein but not otherwise defined herein shall have the meaning ascribed thereto in that certain Agreement and Plan of Merger (the "*Merger Agreement*"), dated of even date herewith, by and among Parent, Nerve Merger Sub Corp., a Delaware corporation and wholly owned subsidiary of Parent ("*Merger Subsidiary*"), and AxoGen Corporation, a Delaware corporation (the "*Company*").

WHEREAS, concurrently with or following the execution of this Agreement, Parent, Merger Subsidiary and the Company, have entered, or will enter, into the Merger Agreement, providing for, among other things, the merger (the "*Merger*") of Merger Subsidiary and the Company pursuant to the terms and conditions of the Merger Agreement;

WHEREAS, Shareholder deems it to be in Shareholder's best interest and the best interests of Parent and all other shareholders of Parent that the Merger Agreement be approved, ratified and confirmed by the shareholders of Parent, and it is a condition to the Company's obligations under the Merger Agreement that Shareholder enter into this Agreement;

WHEREAS, it is understood and acknowledged by Shareholder that (i) the execution of the Merger Agreement by Parent and Merger Subsidiary is being done in reliance, in part, upon the execution and delivery of this Agreement and (ii) that Parent and Merger Subsidiary will incur substantial expenses proceeding toward consummation of the Merger as contemplated by the Merger Agreement and that such expenses will be undertaken, in part, in reliance upon and as a result of the agreements and undertakings of Shareholder set forth herein; and

WHEREAS, Shareholder is willing to make certain representations, warranties, covenants and agreements with respect to the shares of common stock, par value $0.01 per share, of Parent ("*Parent Common Stock*") beneficially owned by Shareholder and set forth below Shareholder's signature on the signature page hereto (the "*Shares*").

NOW, THEREFORE, in consideration of the premises and covenants contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Voting. During the period commencing on the date hereof and terminating upon the earlier of the Effective Time or the termination of the Merger Agreement in accordance with its terms, Shareholder agrees to vote (or cause to be voted) all Shares presently legally or beneficially owned by Shareholder at any meeting of the shareholders of the Parent:

(a) in favor of the approval of: (i) an amendment to Parent's Articles of Incorporation to increase Parent's authorized capital stock; (ii) an amendment to Parent's Articles of Incorporation to change the name of Parent as of the Effective Time to such name as determined by the Parent and the Company; (iii) an amendment to the Parent Stock Option Plan to increase the number of shares authorized for issuance under such Plan; (iv) an increase in the number of members on Parent's Board of Directors to seven; (v) the election of seven Persons nominated by the Board of Directors of Parent to serve as directors of Parent from and after the Effective Time; and (vi) execution of the Merger Agreement and performance by Parent thereunder. To the extent inconsistent with the foregoing provisions of this Section 1, Shareholder hereby revokes any and all previous proxies granted or voting agreement executed by Shareholder with respect to any Shares;

(b) against any action or agreement that would result in a breach of any representation, warranty, covenant or obligation of Parent in the Merger Agreement; and

(c) against the following actions (other than the Merger and the transactions contemplated by the Merger Agreement): (i) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving Parent or any Subsidiary of Parent; (ii) any sale, lease, sublease, license, sublicense or transfer of a material portion of the rights or other assets of Parent or any Subsidiary of Parent; (iii) any reorganization, recapitalization, dissolution or liquidation of Parent or any Subsidiary of Parent; and (iv) any other action which is intended, or could reasonably be expected, to impede, interfere with, delay, postpone, discourage or adversely affect the Merger or any of the other transactions contemplated by the Merger Agreement or this Agreement.

2. Representations and Warranties of Shareholder. Shareholder represents and warrants to Parent and Merger Subsidiary that:

(a) Stockholder owns beneficially (as such term is defined in Rule 13d-3 under the Exchange Act) all of the Shares free and clear of all Liens and except pursuant hereto, there are no options, warrants or other rights, agreements, arrangements or commitments of any character to which Shareholder is a party relating to the pledge, disposition or voting of any of the Shares and there are no voting trusts or voting agreements with respect to the Shares.

(b) Shareholder does not beneficially own any shares of Parent Common Stock other than (i) the Shares and (ii) any options, warrants or other rights to acquire any additional shares of Parent Common Stock or any security exercisable for or convertible into shares of Parent Common Stock, set forth on the signature page of this Agreement (collectively, "*Options*").

(c) Shareholder has full power and authority and legal capacity to enter into, execute and deliver this Agreement and to perform fully Shareholder's obligations hereunder. This Agreement has been duly and validly executed and delivered by Shareholder and constitutes the legal, valid and binding obligation of Shareholder, enforceable against Shareholder in accordance with its terms.

(d) None of the execution and delivery of this Agreement by Shareholder, the consummation by Shareholder of the transactions contemplated hereby or compliance by Shareholder with any of the provisions hereof will conflict with or result in a breach, or constitute a default (with or without notice of lapse of time or both) under any provision of, any trust agreement, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument or law applicable to Shareholder or to Shareholder's property or assets.

(e) No consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority or other Person on the part of Shareholder is required in connection with the valid execution and delivery of this Agreement.

3. Irrevocable Proxy. Shareholder hereby constitutes and appoints Gregory G. Freitag and Timothy M. Heaney, and each of them, with full power of substitution and re—substitution, as the proxy of Shareholder with respect to the matters set forth herein, and hereby authorizes each of them to represent and to vote if and only if Shareholder (i) fails to vote or (ii) attempts to vote (whether by proxy, in person or by written consent), in a manner that is inconsistent with the terms of this Agreement, the Shares in favor of the matters set forth in Section 1 of this Agreement pursuant to and in accordance with the terms and provisions of this Agreement. The proxy granted pursuant to the immediately preceding sentence is given in consideration of the agreements and covenants of the Company, Merger Subsidiary and Parent in connection with the transactions contemplated by the Merger Agreement and this Agreement and, as such, is coupled with an interest and shall be irrevocable unless and until the earlier of the Effective Time or the termination of the Merger Agreement in accordance with its terms.

4. No Voting Trusts or Other Arrangements. Shareholder agrees that Shareholder will not, and will not permit any entity under Shareholder's control to, deposit any of the Shares in a voting trust, grant any proxies with respect to the Shares or subject any of the Shares to any arrangement with respect to the voting of the Shares other than agreements entered into with Parent.

5. Transfer and Encumbrance. Shareholder agrees that during the term of this Agreement, Shareholder will not, directly or indirectly, transfer, sell, offer, exchange, assign, pledge or otherwise dispose of or encumber ("*Transfer*") any of the Shares or enter into any contract, option or other agreement with respect to, or consent to, a Transfer of, any of the Shares or Shareholder's voting or economic interest therein. Any attempted Transfer of Shares or any interest therein in violation of this Section 5 shall be null and void. This Section 5 shall not prohibit a Transfer of the Shares by Shareholder to any member of Shareholder's immediate family, or to a trust for the benefit of Shareholder or any member of Shareholder's immediate family, or upon the death of Shareholder, or to an Affiliate of Shareholder; *provided*, that a Transfer referred to in this sentence shall be permitted only if, as a precondition to such Transfer, the transferee agrees in a writing, reasonably satisfactory in form and substance to Parent, to be bound by all of the terms of this Agreement.

6. Additional Shares. Shareholder agrees that all shares of Parent Common Stock that Shareholder purchases, acquires the right to vote or otherwise acquires beneficial ownership (as defined in Rule 13d—3 under the Exchange Act, but excluding shares of Parent Common Stock underlying unexercised Options) of after the execution of this Agreement shall be subject to the terms of this Agreement and shall constitute Shares for all purposes of this Agreement.

7. No Agreement as Director or Officer. Shareholder makes no agreement or understanding in this Agreement in Shareholder's capacity as a director or officer of Parent or any of its Subsidiaries and nothing in this Agreement: (a) will limit or affect any actions or omissions taken by Shareholder in Shareholder's capacity as a director or officer, including in exercising rights under the Merger Agreement, and no such actions or omissions shall be deemed a breach of this Agreement; or (b) will be construed to prohibit, limit or restrict Shareholder from exercising Shareholder's fiduciary duties as an officer or director to Parent or its shareholders.

8. Miscellaneous.

(a) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as expressly permitted hereunder, no party hereto may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party.

(b) Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State of Minnesota (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

(c) Injunctive and Equitable Relief. If Shareholder fails to adhere fully to the terms and conditions of this Agreement, Shareholder shall be liable to Parent for any damages suffered by reason of any such breach of the terms and conditions hereof. Shareholder acknowledges and agrees that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Shareholder further agrees that in the event of a breach of any of the terms or conditions of this Agreement by Shareholder, and in addition to all other remedies that may be available in law or in equity to Parent, a preliminary and permanent injunction, without bond or surety, and an order of a court requiring Shareholder to cease and desist from violating the terms and conditions of this Agreement and specifically requiring Shareholder to perform its obligations hereunder is fair and reasonable.

(d) Cumulative Remedies. Except as otherwise provided herein, the rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(e) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter of this Agreement. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

(f) Amendments; No Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by both parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective. No waiver by a party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence. No failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(g) Construction. The parties hereto intend that each representation, warranty and covenant contained herein shall have independent significance. If any party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant.

(h) Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given (a) if personally delivered, when so delivered, (b) if mailed, two Business Days after having been sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below, (c) if given by facsimile, once such notice or other communication is transmitted to the facsimile number specified below and electronic confirmation is received; *provided, however*, that such notice or other communication is promptly thereafter mailed in accordance with the provisions of clause (b) above, or (d) if sent through an overnight delivery service in circumstances to which such service guarantees next day delivery, the day following being so sent:

If to Parent:

LecTec Corporation
1407 South Kings Highway
Texarkana, Texas 75501
Attn: Gregory G. Freitag, Chief Executive Officer
Fax: (763) 559—7593

With a copy to:

Gregory G. Freitag
909 Kenwood Parkway
Minneapolis, Minnesota 55403
E—mail: ceo@lectec.com

And a copy to:

Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, Minnesota 55402
Attn: Timothy S. Hearn

Fax: (612) 340—8738

If to Shareholder:

Lowell Hellervik, Ph. D.
33 South 6th Street; Suite 4900
Minneapolis, Minnesota 55402
Fax: _____

Any party may give any notice, request, demand, claim or other communication hereunder using any other means (including ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the individual for whom it is intended. Any party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties notice in the manner herein set forth.

(j) Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts and the signatures delivered by facsimile, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

(*k) Severability.* If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other Persons, places and circumstances shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

(l) Further Assurances. The Shareholder agrees upon request to execute any further documents or instruments necessary or desirable to carry out the purposes or intent of this Agreement.

(m) Termination of Agreement. This Agreement shall terminate upon the earliest to occur of (i) the Effective Time and (ii) the date on which the Merger Agreement is terminated in accordance with its terms.

(Remainder of page intentionally left blank; signature page follows)

IN WITNESS WHEREOF, the undersigned hereby execute this Voting Agreement effective May 26, 2011.

Lowell Hellervik, Ph. D.

/s/ Lowell Hellervik, Ph.D.

Number of Shares Beneficially Owned as of Date of this Agreement: 15,500

Number of Options Beneficially Owned as of Date of this Agreement: 20,000

LecTec Corporation

By: /s/ Gregory G. Freitag
Name: Gregory G. Freitag
Title: Chief Executive Officer

(Signature Page to Voting Agreement)

Exhibit 2.4

VOTING AGREEMENT

This **Voting Agreement** (this "*Agreement*") is made and entered into as of May 26, 2011 by and between the undersigned shareholder ("*Shareholder*") of LecTec Corporation, a Minnesota corporation (the "*Parent*"), and Parent. Each term used herein but not otherwise defined herein shall have the meaning ascribed thereto in that certain Agreement and Plan of Merger (the "*Merger Agreement*"), dated of even date herewith, by and among Parent, Nerve Merger Sub Corp., a Delaware corporation and wholly owned subsidiary of Parent ("*Merger Subsidiary*"), and AxoGen Corporation, a Delaware corporation (the "*Company*").

WHEREAS, concurrently with or following the execution of this Agreement, Parent, Merger Subsidiary and the Company, have entered, or will enter, into the Merger Agreement, providing for, among other things, the merger (the "*Merger*") of Merger Subsidiary and the Company pursuant to the terms and conditions of the Merger Agreement;

WHEREAS, Shareholder deems it to be in Shareholder's best interest and the best interests of Parent and all other shareholders of Parent that the Merger Agreement be approved, ratified and confirmed by the shareholders of Parent, and it is a condition to the Company's obligations under the Merger Agreement that Shareholder enter into this Agreement;

WHEREAS, it is understood and acknowledged by Shareholder that (i) the execution of the Merger Agreement by Parent and Merger Subsidiary is being done in reliance, in part, upon the execution and delivery of this Agreement and (ii) that Parent and Merger Subsidiary will incur substantial expenses proceeding toward consummation of the Merger as contemplated by the Merger Agreement and that such expenses will be undertaken, in part, in reliance upon and as a result of the agreements and undertakings of Shareholder set forth herein; and

WHEREAS, Shareholder is willing to make certain representations, warranties, covenants and agreements with respect to the shares of common stock, par value $0.01 per share, of Parent ("*Parent Common Stock*") beneficially owned by Shareholder and set forth below Shareholder's signature on the signature page hereto (the "*Shares*").

NOW, THEREFORE, in consideration of the premises and covenants contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Voting. During the period commencing on the date hereof and terminating upon the earlier of the Effective Time or the termination of the Merger Agreement in accordance with its terms, Shareholder agrees to vote (or cause to be voted) all Shares presently legally or beneficially owned by Shareholder at any meeting of the shareholders of the Parent:

(a) in favor of the approval of: (i) an amendment to Parent's Articles of Incorporation to increase Parent's authorized capital stock; (ii) an amendment to Parent's Articles of Incorporation to change the name of Parent as of the Effective Time to such name as determined by the Parent and the Company; (iii) an amendment to the Parent Stock Option Plan to increase the number of shares authorized for issuance under such Plan; (iv) an increase in the number of members on Parent's Board of Directors to seven; (v) the election of seven Persons nominated by the Board of Directors of Parent to serve as directors of Parent from and after the Effective Time; and (vi) execution of the Merger Agreement and performance by Parent thereunder. To the extent inconsistent with the foregoing provisions of this Section 1, Shareholder hereby revokes any and all previous proxies granted or voting agreement executed by Shareholder with respect to any Shares;

(b) against any action or agreement that would result in a breach of any representation, warranty, covenant or obligation of Parent in the Merger Agreement; and

(c) against the following actions (other than the Merger and the transactions contemplated by the Merger Agreement): (i) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving Parent or any Subsidiary of Parent; (ii) any sale, lease, sublease, license, sublicense or transfer of a material portion of the rights or other assets of Parent or any Subsidiary of Parent; (iii) any reorganization, recapitalization, dissolution or liquidation of Parent or any Subsidiary of Parent; and (iv) any other action which is intended, or could reasonably be expected, to impede, interfere with, delay, postpone, discourage or adversely affect the Merger or any of the other transactions contemplated by the Merger Agreement or this Agreement.

2. Representations and Warranties of Shareholder. Shareholder represents and warrants to Parent and Merger Subsidiary that:

(a) Stockholder owns beneficially (as such term is defined in Rule 13d-3 under the Exchange Act) all of the Shares free and clear of all Liens and except pursuant hereto, there are no options, warrants or other rights, agreements, arrangements or commitments of any character to which Shareholder is a party relating to the pledge, disposition or voting of any of the Shares and there are no voting trusts or voting agreements with respect to the Shares.

(b) Shareholder does not beneficially own any shares of Parent Common Stock other than (i) the Shares and (ii) any options, warrants or other rights to acquire any additional shares of Parent Common Stock or any security exercisable for or convertible into shares of Parent Common Stock, set forth on the signature page of this Agreement (collectively, "*Options*").

(c) Shareholder has full power and authority and legal capacity to enter into, execute and deliver this Agreement and to perform fully Shareholder's obligations hereunder. This Agreement has been duly and validly executed and delivered by Shareholder and constitutes the legal, valid and binding obligation of Shareholder, enforceable against Shareholder in accordance with its terms.

(d) None of the execution and delivery of this Agreement by Shareholder, the consummation by Shareholder of the transactions contemplated hereby or compliance by Shareholder with any of the provisions hereof will conflict with or result in a breach, or constitute a default (with or without notice of lapse of time or both) under any provision of, any trust agreement, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument or law applicable to Shareholder or to Shareholder's property or assets.

(e) No consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority or other Person on the part of Shareholder is required in connection with the valid execution and delivery of this Agreement.

3. Irrevocable Proxy. Shareholder hereby constitutes and appoints Gregory G. Freitag and Timothy M. Heaney, and each of them, with full power of substitution and re—substitution, as the proxy of Shareholder with respect to the matters set forth herein, and hereby authorizes each of them to represent and to vote if and only if Shareholder (i) fails to vote or (ii) attempts to vote (whether by proxy, in person or by written consent), in a manner that is inconsistent with the terms of this Agreement, the Shares in favor of the matters set forth in Section 1 of this Agreement pursuant to and in accordance with the terms and provisions of this Agreement. The proxy granted pursuant to the immediately preceding sentence is given in consideration of the agreements and covenants of the Company, Merger Subsidiary and Parent in connection with the transactions contemplated by the Merger Agreement and this Agreement and, as such, is coupled with an interest and shall be irrevocable unless and until the earlier of the Effective Time or the termination of the Merger Agreement in accordance with its terms.

4. No Voting Trusts or Other Arrangements. Shareholder agrees that Shareholder will not, and will not permit any entity under Shareholder's control to, deposit any of the Shares in a voting trust, grant any proxies with respect to the Shares or subject any of the Shares to any arrangement with respect to the voting of the Shares other than agreements entered into with Parent.

5. Transfer and Encumbrance. Shareholder agrees that during the term of this Agreement, Shareholder will not, directly or indirectly, transfer, sell, offer, exchange, assign, pledge or otherwise dispose of or encumber ("*Transfer*") any of the Shares or enter into any contract, option or other agreement with respect to, or consent to, a Transfer of, any of the Shares or Shareholder's voting or economic interest therein. Any attempted Transfer of Shares or any interest therein in violation of this Section 5 shall be null and void. This Section 5 shall not prohibit a Transfer of the Shares by Shareholder to any member of Shareholder's immediate family, or to a trust for the benefit of Shareholder or any member of Shareholder's immediate family, or upon the death of Shareholder, or to an Affiliate of Shareholder; *provided*, that a Transfer referred to in this sentence shall be permitted only if, as a precondition to such Transfer, the transferee agrees in a writing, reasonably satisfactory in form and substance to Parent, to be bound by all of the terms of this Agreement.

6. Additional Shares. Shareholder agrees that all shares of Parent Common Stock that Shareholder purchases, acquires the right to vote or otherwise acquires beneficial ownership (as defined in Rule 13d—3 under the Exchange Act, but excluding shares of Parent Common Stock underlying unexercised Options) of after the execution of this Agreement shall be subject to the terms of this Agreement and shall constitute Shares for all purposes of this Agreement.

7. No Agreement as Director or Officer. Shareholder makes no agreement or understanding in this Agreement in Shareholder's capacity as a director or officer of Parent or any of its Subsidiaries and nothing in this Agreement: (a) will limit or affect any actions or omissions taken by Shareholder in Shareholder's capacity as a director or officer, including in exercising rights under the Merger Agreement, and no such actions or omissions shall be deemed a breach of this Agreement; or (b) will be construed to prohibit, limit or restrict Shareholder from exercising Shareholder's fiduciary duties as an officer or director to Parent or its shareholders.

8. Miscellaneous.

(a) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as expressly permitted hereunder, no party hereto may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party.

(b) Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State of Minnesota (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

(c) Injunctive and Equitable Relief. If Shareholder fails to adhere fully to the terms and conditions of this Agreement, Shareholder shall be liable to Parent for any damages suffered by reason of any such breach of the terms and conditions hereof. Shareholder acknowledges and agrees that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Shareholder further agrees that in the event of a breach of any of the terms or conditions of this Agreement by Shareholder, and in addition to all other remedies that may be available in law or in equity to Parent, a preliminary and permanent injunction, without bond or surety, and an order of a court requiring Shareholder to cease and desist from violating the terms and conditions of this Agreement and specifically requiring Shareholder to perform its obligations hereunder is fair and reasonable.

(d) Cumulative Remedies. Except as otherwise provided herein, the rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(e) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter of this Agreement. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

(f) Amendments; No Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by both parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective. No waiver by a party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence. No failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(g) Construction. The parties hereto intend that each representation, warranty and covenant contained herein shall have independent significance. If any party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant.

(h) Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given (a) if personally delivered, when so delivered, (b) if mailed, two Business Days after having been sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below, (c) if given by facsimile, once such notice or other communication is transmitted to the facsimile number specified below and electronic confirmation is received; *provided, however*, that such notice or other communication is promptly thereafter mailed in accordance with the provisions of clause (b) above, or (d) if sent through an overnight delivery service in circumstances to which such service guarantees next day delivery, the day following being so sent:

If to Parent:

LecTec Corporation
1407 South Kings Highway
Texarkana, Texas 75501
Attn: Gregory G. Freitag, Chief Executive Officer
Fax: (763) 559—7593

With a copy to:

Gregory G. Freitag
909 Kenwood Parkway
Minneapolis, Minnesota 55403
E—mail: ceo@lectec.com

And a copy to:

Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, Minnesota 55402
Attn: Timothy S. Hearn

Fax: (612) 340—8738

If to Shareholder:

2025 Nicollet Avenue South
No. 203
Minneapolis, Minnesota 55402
Attn: Larry C. Hopfenspirger

Any party may give any notice, request, demand, claim or other communication hereunder using any other means (including ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the individual for whom it is intended. Any party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties notice in the manner herein set forth.

(j) Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts and the signatures delivered by facsimile, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

(*k) Severability.* If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other Persons, places and circumstances shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

(l) Further Assurances. The Shareholder agrees upon request to execute any further documents or instruments necessary or desirable to carry out the purposes or intent of this Agreement.

(m) Termination of Agreement. This Agreement shall terminate upon the earliest to occur of (i) the Effective Time and (ii) the date on which the Merger Agreement is terminated in accordance with its terms.

(Remainder of page intentionally left blank; signature page follows)

IN WITNESS WHEREOF, the undersigned hereby execute this Voting Agreement effective May 26, 2011.

Larry C. Hopfenspirger

/s/ Larry C. Hopfenspirger

Number of Shares Beneficially Owned as of Date of this Agreement: 439,325

Number of Options Beneficially Owned as of Date of this Agreement: 0

LecTec Corporation

By: /s/ Gregory G. Freitag
Name: Gregory G. Freitag
Title: Chief Executive Officer

(Signature Page to Voting Agreement)

Exhibit 2.5

VOTING AGREEMENT

This **Voting Agreement** (this "*Agreement*") is made and entered into as of May 26, 2011 by and between the undersigned shareholder ("*Shareholder*") of LecTec Corporation, a Minnesota corporation (the "*Parent*"), and Parent. Each term used herein but not otherwise defined herein shall have the meaning ascribed thereto in that certain Agreement and Plan of Merger (the "*Merger Agreement*"), dated of even date herewith, by and among Parent, Nerve Merger Sub Corp., a Delaware corporation and wholly owned subsidiary of Parent ("*Merger Subsidiary*"), and AxoGen Corporation, a Delaware corporation (the "*Company*").

WHEREAS, concurrently with or following the execution of this Agreement, Parent, Merger Subsidiary and the Company, have entered, or will enter, into the Merger Agreement, providing for, among other things, the merger (the "*Merger*") of Merger Subsidiary and the Company pursuant to the terms and conditions of the Merger Agreement;

WHEREAS, Shareholder deems it to be in Shareholder's best interest and the best interests of Parent and all other shareholders of Parent that the Merger Agreement be approved, ratified and confirmed by the shareholders of Parent, and it is a condition to the Company's obligations under the Merger Agreement that Shareholder enter into this Agreement;

WHEREAS, it is understood and acknowledged by Shareholder that (i) the execution of the Merger Agreement by Parent and Merger Subsidiary is being done in reliance, in part, upon the execution and delivery of this Agreement and (ii) that Parent and Merger Subsidiary will incur substantial expenses proceeding toward consummation of the Merger as contemplated by the Merger Agreement and that such expenses will be undertaken, in part, in reliance upon and as a result of the agreements and undertakings of Shareholder set forth herein; and

WHEREAS, Shareholder is willing to make certain representations, warranties, covenants and agreements with respect to the shares of common stock, par value $0.01 per share, of Parent ("*Parent Common Stock*") beneficially owned by Shareholder and set forth below Shareholder's signature on the signature page hereto (the "*Shares*").

NOW, THEREFORE, in consideration of the premises and covenants contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Voting. During the period commencing on the date hereof and terminating upon the earlier of the Effective Time or the termination of the Merger Agreement in accordance with its terms, Shareholder agrees to vote (or cause to be voted) all Shares presently legally or beneficially owned by Shareholder at any meeting of the shareholders of the Parent:

(a) in favor of the approval of: (i) an amendment to Parent's Articles of Incorporation to increase Parent's authorized capital stock; (ii) an amendment to Parent's Articles of Incorporation to change the name of Parent as of the Effective Time to such name as determined by the Parent and the Company; (iii) an amendment to the Parent Stock Option Plan to increase the number of shares authorized for issuance under such Plan; (iv) an increase in the number of members on Parent's Board of Directors to seven; (v) the election of seven Persons nominated by the Board of Directors of Parent to serve as directors of Parent from and after the Effective Time; and (vi) execution of the Merger Agreement and performance by Parent thereunder. To the extent inconsistent with the foregoing provisions of this Section 1, Shareholder hereby revokes any and all previous proxies granted or voting agreement executed by Shareholder with respect to any Shares;

(b) against any action or agreement that would result in a breach of any representation, warranty, covenant or obligation of Parent in the Merger Agreement; and

(c) against the following actions (other than the Merger and the transactions contemplated by the Merger Agreement): (i) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving Parent or any Subsidiary of Parent; (ii) any sale, lease, sublease, license, sublicense or transfer of a material portion of the rights or other assets of Parent or any Subsidiary of Parent; (iii) any reorganization, recapitalization, dissolution or liquidation of Parent or any Subsidiary of Parent; and (iv) any other action which is intended, or could reasonably be expected, to impede, interfere with, delay, postpone, discourage or adversely affect the Merger or any of the other transactions contemplated by the Merger Agreement or this Agreement.

2. Representations and Warranties of Shareholder. Shareholder represents and warrants to Parent and Merger Subsidiary that:

(a) Stockholder owns beneficially (as such term is defined in Rule 13d-3 under the Exchange Act) all of the Shares free and clear of all Liens and except pursuant hereto, there are no options, warrants or other rights, agreements, arrangements or commitments of any character to which Shareholder is a party relating to the pledge, disposition or voting of any of the Shares and there are no voting trusts or voting agreements with respect to the Shares.

(b) Shareholder does not beneficially own any shares of Parent Common Stock other than (i) the Shares and (ii) any options, warrants or other rights to acquire any additional shares of Parent Common Stock or any security exercisable for or convertible into shares of Parent Common Stock, set forth on the signature page of this Agreement (collectively, "*Options*").

(c) Shareholder has full power and authority and legal capacity to enter into, execute and deliver this Agreement and to perform fully Shareholder's obligations hereunder. This Agreement has been duly and validly executed and delivered by Shareholder and constitutes the legal, valid and binding obligation of Shareholder, enforceable against Shareholder in accordance with its terms.

(d) None of the execution and delivery of this Agreement by Shareholder, the consummation by Shareholder of the transactions contemplated hereby or compliance by Shareholder with any of the provisions hereof will conflict with or result in a breach, or constitute a default (with or without notice of lapse of time or both) under any provision of, any trust agreement, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument or law applicable to Shareholder or to Shareholder's property or assets.

(e) No consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority or other Person on the part of Shareholder is required in connection with the valid execution and delivery of this Agreement.

3. Irrevocable Proxy. Shareholder hereby constitutes and appoints Gregory G. Freitag and Timothy M. Heaney, and each of them, with full power of substitution and re—substitution, as the proxy of Shareholder with respect to the matters set forth herein, and hereby authorizes each of them to represent and to vote if and only if Shareholder (i) fails to vote or (ii) attempts to vote (whether by proxy, in person or by written consent), in a manner that is inconsistent with the terms of this Agreement, the Shares in favor of the matters set forth in Section 1 of this Agreement pursuant to and in accordance with the terms and provisions of this Agreement. The proxy granted pursuant to the immediately preceding sentence is given in consideration of the agreements and covenants of the Company, Merger Subsidiary and Parent in connection with the transactions contemplated by the Merger Agreement and this Agreement and, as such, is coupled with an interest and shall be irrevocable unless and until the earlier of the Effective Time or the termination of the Merger Agreement in accordance with its terms.

4. No Voting Trusts or Other Arrangements. Shareholder agrees that Shareholder will not, and will not permit any entity under Shareholder's control to, deposit any of the Shares in a voting trust, grant any proxies with respect to the Shares or subject any of the Shares to any arrangement with respect to the voting of the Shares other than agreements entered into with Parent.

5. Transfer and Encumbrance. Shareholder agrees that during the term of this Agreement, Shareholder will not, directly or indirectly, transfer, sell, offer, exchange, assign, pledge or otherwise dispose of or encumber ("*Transfer*") any of the Shares or enter into any contract, option or other agreement with respect to, or consent to, a Transfer of, any of the Shares or Shareholder's voting or economic interest therein. Any attempted Transfer of Shares or any interest therein in violation of this Section 5 shall be null and void. This Section 5 shall not prohibit a Transfer of the Shares by Shareholder to any member of Shareholder's immediate family, or to a trust for the benefit of Shareholder or any member of Shareholder's immediate family, or upon the death of Shareholder, or to an Affiliate of Shareholder; *provided*, that a Transfer referred to in this sentence shall be permitted only if, as a precondition to such Transfer, the transferee agrees in a writing, reasonably satisfactory in form and substance to Parent, to be bound by all of the terms of this Agreement.

6. Additional Shares. Shareholder agrees that all shares of Parent Common Stock that Shareholder purchases, acquires the right to vote or otherwise acquires beneficial ownership (as defined in Rule 13d—3 under the Exchange Act, but excluding shares of Parent Common Stock underlying unexercised Options) of after the execution of this Agreement shall be subject to the terms of this Agreement and shall constitute Shares for all purposes of this Agreement.

7. No Agreement as Director or Officer. Shareholder makes no agreement or understanding in this Agreement in Shareholder's capacity as a director or officer of Parent or any of its Subsidiaries and nothing in this Agreement: (a) will limit or affect any actions or omissions taken by Shareholder in Shareholder's capacity as a director or officer, including in exercising rights under the Merger Agreement, and no such actions or omissions shall be deemed a breach of this Agreement; or (b) will be construed to prohibit, limit or restrict Shareholder from exercising Shareholder's fiduciary duties as an officer or director to Parent or its shareholders.

8. Miscellaneous.

(a) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as expressly permitted hereunder, no party hereto may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party.

(b) Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State of Minnesota (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

(c) Injunctive and Equitable Relief. If Shareholder fails to adhere fully to the terms and conditions of this Agreement, Shareholder shall be liable to Parent for any damages suffered by reason of any such breach of the terms and conditions hereof. Shareholder acknowledges and agrees that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Shareholder further agrees that in the event of a breach of any of the terms or conditions of this Agreement by Shareholder, and in addition to all other remedies that may be available in law or in equity to Parent, a preliminary and permanent injunction, without bond or surety, and an order of a court requiring Shareholder to cease and desist from violating the terms and conditions of this Agreement and specifically requiring Shareholder to perform its obligations hereunder is fair and reasonable.

(d) Cumulative Remedies. Except as otherwise provided herein, the rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(e) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter of this Agreement. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

(f) Amendments; No Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by both parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective. No waiver by a party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence. No failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(g) Construction. The parties hereto intend that each representation, warranty and covenant contained herein shall have independent significance. If any party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant.

(h) Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given (a) if personally delivered, when so delivered, (b) if mailed, two Business Days after having been sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below, (c) if given by facsimile, once such notice or other communication is transmitted to the facsimile number specified below and electronic confirmation is received; *provided, however*, that such notice or other communication is promptly thereafter mailed in accordance with the provisions of clause (b) above, or (d) if sent through an overnight delivery service in circumstances to which such service guarantees next day delivery, the day following being so sent:

If to Parent:

LecTec Corporation
1407 South Kings Highway
Texarkana, Texas 75501
Attn: Gregory G. Freitag, Chief Executive Officer
Fax: (763) 559—7593

With a copy to:

Gregory G. Freitag
909 Kenwood Parkway
Minneapolis, Minnesota 55403
E—mail: ceo@lectec.com

And a copy to:

Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, Minnesota 55402
Attn: Timothy S. Hearn

Fax: (612) 340—8738

If to Shareholder:

Dr. Elmer Salovich
925 Fourth Street Southeast
Minneapolis, MN 55414
Fax: _____

Any party may give any notice, request, demand, claim or other communication hereunder using any other means (including ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the individual for whom it is intended. Any party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties notice in the manner herein set forth.

(j) Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts and the signatures delivered by facsimile, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

(*k) Severability.* If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other Persons, places and circumstances shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

(l) Further Assurances. The Shareholder agrees upon request to execute any further documents or instruments necessary or desirable to carry out the purposes or intent of this Agreement.

(m) Termination of Agreement. This Agreement shall terminate upon the earliest to occur of (i) the Effective Time and (ii) the date on which the Merger Agreement is terminated in accordance with its terms.

(Remainder of page intentionally left blank; signature page follows)

IN WITNESS WHEREOF, the undersigned hereby execute this Voting Agreement effective May 26, 2011.

Dr. Elmer Salovich

/s/ Dr. Elmer Salovich

Number of Shares Beneficially Owned as of Date of this Agreement: 100,000

Number of Options Beneficially Owned as of Date of this Agreement: 20,000

LecTec Corporation

By: /s/ Gregory G. Freitag
Name: Gregory G. Freitag
Title: Chief Executive Officer

(Signature Page to Voting Agreement)

EXHIBIT 10.1

THE SECURITIES REPRESENTED BY THIS CONVERTIBLE PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*1933 ACT*"), OR UNDER THE PROVISIONS OF ANY APPLICABLE STATE SECURITIES LAWS, BUT HAVE BEEN ISSUED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACTS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE SOLD, PLEDGED, TRANSFERRED OR ASSIGNED, EXCEPT (I) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES ACTS; OR (II) UPON THE ISSUANCE TO THE ISSUER OF AN OPINION OF COUNSEL, OR THE SUBMISSION TO THE ISSUER OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE COMPANY, THAT SUCH PROPOSED SALE, TRANSFER, PLEDGE OR OTHER DISPOSITION WILL NOT BE IN VIOLATION OF THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES ACTS.

THIS CONVERTIBLE PROMISSORY NOTE (AND ALL PAYMENT AND ENFORCEMENT PROVISIONS HEREIN) IS SUBJECT TO THE CONVERTIBLE PROMISSORY NOTE PURCHASE AGREEMENT BY AND AMONG AXOGEN CORPORATION AND THE PURCHASERS LISTED ON SCHEDULE A THERETO DATED MAY 31, 2011 AND THE SUBORDINATION AGREEMENT (THE "*SUBORDINATION AGREEMENT*") BY AND AMONG LECTEC CORPORATION, AXOGEN CORPORATION, OXFORD FINANCE LLC (AS SUCCESSOR IN INTEREST TO OXFORD FINANCE CORPORATION), IN ITS CAPACITY AS AGENT AND AS A LENDER AND ATEL VENTURES, INC., AS A LENDER, DATED AS OF APRIL 29, 2011. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THIS NOTE AND THE SUBORDINATION AGREEMENT, THE TERMS OF THE SUBORDINATION AGREEMENT SHALL CONTROL.

SUBORDINATED SECURED CONVERTIBLE PROMISSORY NOTE

*(*the *"**Note**")*

$2,000,000 *Issue Date*: May 31, 2011

For value received **AXOGEN CORPORATION**, a Delaware corporation (the "***Company***") promises to pay to **LECTEC CORPORATION**, a Minnesota corporation (together with its successors and assigns, the "***Holder***"), at 1407 South Kings Highway, Texarkana, Texas 75501, Attn: Greg Freitag or at such other address as the holder hereof may from time to time designate in writing, the principal sum of $2,000,000, or such lesser amount as shall be equal to the outstanding principal amount hereof (the "***Principal Amount***"), together with all accrued and unpaid interest thereon, upon the terms and conditions specified below. This Note is one of a series of similar notes (collectively, the "***Notes***") issued pursuant to that certain Convertible Promissory Note Purchase Agreement (the "***Purchase Agreement***"), dated as of May 31, 2011, by and among the Company and the parties listed on Schedule A attached thereto (collectively, the "***Lenders***"). Additional rights of the Lender are set forth in the Purchase Agreement. All capitalized terms used herein and not otherwise defined shall have the respective meanings given to them in the Purchase Agreement.

So long as any portion of this Note remains outstanding and unpaid, the Company will comply with the following provisions to which this Note is subject and by which it is governed:

1. Interest. Interest shall accrue on the principal outstanding from time to time, commencing from the Issue Date of this Note and continuing until repayment of this Note in full, at a rate equal to eight percent (8%) per annum. Upon an Event of Default (as defined below), this Note will bear interest at a default rate of interest equal to the sum of the interest rate set forth in the immediately preceding sentence plus an additional two percent (2%) per annum (collectively, "***Default Interest***"). Interest shall be payable on the Conversion Date or Maturity Date (as defined below), provided that Default Interest shall be payable on demand. Interest shall accrue on the basis of actual days elapsed in a year consisting of 360 days. Notwithstanding anything herein to the contrary, if during any period for which interest is computed under this Note, the amount of interest computed on the basis provided for in this Note, together with all fees, charges and other payments which are treated as interest under applicable law, would exceed the amount of such interest computed on the basis of the Highest Lawful Rate (as defined below), the Company's obligations hereunder shall, automatically and retroactively, be deemed reduced to the Highest Lawful Rate, and during any such period the interest payable under this Note shall be computed on the basis of the Highest Lawful Rate. In the event the Holder receives as interest an amount which would exceed the Highest Lawful Rate, then the amount of any excess interest shall not be applied to the payment of interest hereunder, but shall be applied to the reduction of the unpaid principal balance due hereunder. As used herein, "***Highest Lawful Rate***" means the maximum non-usurious rate of interest, as in effect from time to time, which may be lawfully charged, contracted for, reserved, received or collected by the Holder in connection with this Note under applicable law.

2. Principal. All unpaid principal, together with any then unpaid and accrued interest and any other amounts payable hereunder, shall be due and payable on the earlier of (a) the Maturity Date (as defined below) or (b) when, upon the occurrence of an Event of Default, such amounts are declared due and payable by the Holder or made automatically due and payable, in each case, in accordance with the terms hereof. The "***Maturity Date***" shall mean the earlier of (i) June 30, 2013 or (ii) a Change in Control other than in connection with the Merger.

3. Payment Terms. Unless earlier converted, all payments of principal and interest shall be in lawful money of the United States of America. Payments under this Note shall be applied first to the payment of all accrued and unpaid interest and then to the payment of principal. Prepayment of the principal amount of this Note, together with all accrued and unpaid interest on the portion of principal so prepaid, may be made in whole or in part at any time without penalty.

4. Conversion. If the Company at any time prior to earlier of (i) this Note being paid in full or (ii) the effective time of the merger between LecTec Corporation, a Minnesota corporation ("***LecTec:***"), and the Company pursuant to the Agreement and Plan of Merger between such parties dated May 31, 2011 (the "***Merger***") sells equity securities, or debt with equity features other than pursuant to the Purchase Agreement, in each primarily for capital raising purposes (a "***Financing***"), the Holder, at its sole option, may convert all principal and accrued interest into common stock of the Company at a conversion price calculated based upon a valuation of the Company at fifteen million dollars prior to the Financing (the "***Conversion Price***" under a conversion pursuant to this Section 4).

5. Mechanics of Conversion.

(a) Upon conversion of this Note, the Holder shall surrender this Note, duly endorsed, at the principal offices of the Company (or a notice to the effect that the original Note has been lost, stolen or destroyed and an agreement acceptable to the Company whereby the Holder agrees to indemnify the Company from any loss incurred by it in connection with this Note). The Company shall, as soon as practicable thereafter, cause to be issued and delivered to the Holder a certificate or certificates for the number of shares to which the Holder shall be entitled upon such conversion, including a check payable to the Holder for any cash amounts payable as described in Section 5(b).

(b) No fractional shares shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional shares to the Holder upon the conversion of this Note, the Company shall pay to the Holder an amount equal to the product obtained by multiplying the Conversion Price by the fraction of a share not issued pursuant to the previous sentence. Upon conversion of this Note in full and the payment of the amounts specified in this Section 5, Company shall be forever released from all its obligations and liabilities under this Note and this Note shall be deemed of no further force or effect, whether or not the original of this Note has been delivered to the Company for cancellation.

6. Events of Acceleration. Upon the occurrence of any Event of Default and so long as any Event of Default is continuing, the Holder may, with the written consent of the Requisite Investors (as defined below), declare the entire unpaid balance of this Note, together with all accrued and unpaid interest on this Note, to be immediately due and payable prior to the Maturity Date (in the case of any occurrence of any of the events described in paragraphs (c) and (d) below, this Note shall become automatically due and payable, including unpaid interest accrued hereon, without notice or demand). In the event the Company fails to make any payment of principal or accrued interest on this Note to Holder when due after demand is made in accordance herewith, Holder will be entitled to exercise all rights and remedies available to it without the consent or approval of any other party and the Company will reimburse Holder for its reasonable costs and expenses, including attorneys' fees, incurred in connection with the enforcement of its rights under this Note. In addition to any other rights Holder may have under applicable laws, during an Event of Default, Holder shall have the right to set off the indebtedness evidenced by this Note against any other indebtedness of the Holder to the Company. For purposes of this Section 6, each of the following events will constitute an "***Event of Default***":

(a) *Failure to Pay.* The Company shall fail to pay (i) when due any principal payment on the due date hereunder or (ii) any interest payment or other payment required under the terms of this Note or the Security Agreement (as defined below) on the date due and such payment shall not have been made within five (5) days following the date when due.

(b) *Failure to Comply.* The Company shall fail to comply in any material respect with the terms, conditions and covenants of the Notes or the Security Agreement including, without limitation, any representation or warranty provided herein or pursuant to the Security Agreement is untrue or incorrect in any material respect as to Company.

(c) *Voluntary Bankruptcy or Insolvency Proceedings*. The Company shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) admit in writing its inability to pay its debts generally as they mature, (iii) make a general assignment for the benefit of its or any of its creditors, (iv) be dissolved or liquidated, (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vi) take any action for the purpose of effecting any of the foregoing.

(d) *Involuntary Bankruptcy or Insolvency Proceedings*. Proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company, or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company, if any, or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within 90 days of commencement.

(e) *Cross Default.* A default (however denominated or defined) shall occur under any other indebtedness for borrowed money (not covered hereunder) of the Company, which shall not have been cured within applicable notice and grace periods and the holders thereof shall have accelerated payment of such indebtedness.

(f) *Judgments*. A final nonappealable judgment or order for the payment of money in excess of One Hundred Thousand dollars ($100,000) shall be rendered against the Company and the same shall remain undischarged for a period of 30 days during which execution shall not be effectively stayed, or any judgment, writ, assessment, warrant of attachment, or execution or similar process shall be issued or levied against a substantial part of the Company's property, if any and such judgment, writ, or similar process shall not be released, stayed, vacated or otherwise dismissed within 30 days after issue or levy.

7. Change in Control; Closing Payment. For the purposes of this Note, a "***Change in Control***" shall be deemed to occur upon (i) the sale, lease, license or transfer, in a single transaction or a series of transactions, of all or substantially all of the Company's assets; (ii) the sale or transfer, in a single transaction or a series of transactions, of 50% or more of the presently outstanding shares of capital stock of the Company other than pursuant to the Merger, or (iii) the issuance by the Company of stock, whether in one or more transactions, which individually or in the aggregate results in the ownership, following such transaction or transactions, by the present stockholders of the Company of less than 50% of the issued and outstanding shares of voting stock of the Company. In the event of a Change in Control prior to the consummation of the Merger, the Company shall pay to the Holder the outstanding principal balance under the Note and all accrued and unpaid interest hereunder, which payments shall be paid to the Holder on or before the closing of such Change in Control. Notwithstanding the foregoing, in no event shall a Change of Control result from a debt or equity financing where the purpose of such transaction is raising capital for the Company.

8. Security Agreement. This Note is secured pursuant to a Security Agreement by and between the Company, LecTec, as collateral agent for the Investors, the Holder and the other Investors dated concurrently herewith (as the same may be amended, restated or otherwise modified from time to time, the "***Security Agreement***"). The Company and the Holder acknowledge and agree that all references in the Security Agreement to the "***Notes***" shall refer to this Note and the other Notes, and that the term "***Obligations***" contained in the Security Agreement shall include all obligations arising under the Notes. The Company hereby represents that on and as of the date hereof and after giving effect to this Note all of the representations and warranties contained in the Security Agreement are true, correct and complete in all respects as of the date hereof as though made on and as of such date.

9. No Stockholder Rights. This Note, as such, shall not entitle the Holder to any rights as a stockholder of the Company.

10. Pari Passu Notes. The Holder acknowledges and agrees that the payment of all or any portion of the outstanding principal amount of this Note and all interest hereon shall be pari passu in right of payment and in all other respects to all other Secured Convertible Promissory Notes issued by the Company pursuant to the Purchase Agreement, as well as the Subordinated Secured Convertible Promissory Note issued to LecTec dated May 3, 2011 in the amount of $500,000 (collectively with this Note, the "***Notes***" and the holders of all Notes, the "***Investors***"). In the event the Holder receives payments in excess of its pro rata share of the Company's payments to the Investors, then the Holder shall hold in trust all such excess payments for the benefit of the other Investors and shall pay such amounts held in trust to such other Investors upon demand by such Investors.

11. Miscellaneous.

(a) Waivers. The Company hereby waives demand for payment, notice of dishonor, presentment, protest and notice of protest. No failure or delay on the part of the holder of this Note in exercising any power or right under this Note shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof of the exercise of any other power or right. No notice to or demand on the Company in any case shall entitle the Company to any notice or demand in similar or other circumstances.

(b) Amendment. This Note may not be amended or modified, nor may any of its terms be waived, except by written instrument signed by the Company and the Requisite Investors, and then only to the extent set forth therein. "***Requisite Investors***" shall mean LecTec and Investors holding a majority of the principal indebtedness represented by the outstanding Notes (defined in Section 10), excluding the Notes held by LecTec.

(c) Binding; Successors and Assigns. If any provision of this Note is determined to be invalid, illegal or unenforceable, in whole or in part, the validity, legality and enforceability of any of the remaining provisions or portions of this Note shall not in any way be affected or impaired thereby, and this Note shall nevertheless be binding between the Company and the Holder. This Note shall be binding upon, inure to the benefit of and be enforceable by the Company, the Holder and their respective successors and assigns.

(d) Governing Law; Venue. The terms of this Note shall be construed and governed in all respects by the laws of the State of Delaware, without regard to principles of conflict of laws. Any and all disputes arising out of or related to this Note or the Security Agreement shall be adjudicated exclusively in the state or federal courts located in Delaware. Each of the parties hereto submits itself to the jurisdiction of the courts of the State of Delaware and the Federal courts of the United States located in such state in respect of all actions arising out of or in connection with the interpretation or enforcement of the Note, waives any argument that venue in such forums is not convenient and agrees that any actions initiated by either party hereto shall be appropriately venued in such forums.

(e) Notices. All notices or other communications required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified; (ii) when sent by confirmed facsimile if sent during the normal business hours of the recipient, if not, then on the next business day; (iii) one (1) business day after deposit with a nationally recognized overnight courier designating next business day delivery; or (iv) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid. All notices and other communications shall be sent to the address or facsimile number as set forth on the signature page hereof or at such other address as such party may designate by ten (10) days' advance written notice to the other parties.

(f) Time of the Essence; Remedies. Time is of the essence of this Note. The rights and remedies under this Note are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Holder.

(g) Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note, the balance of the Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms, and the parties shall use good faith to negotiate a substitute, valid and enforceable provision that replaces the excluded provision and that most nearly effects the parties' intent in entering into this Note.

(h) Entire Note. This Note and the Security Agreement constitute the full and entire understanding, promise and agreement between the Company and the Holder with respect to the subject matter hereof and thereof, and supersede, merge and render void every other prior written and/or oral understanding, promise or agreement between the Company and the Holder with respect to the subject matter hereof and thereof.

(i) Headings. Section headings are inserted herein for convenience only and do not form a part of this Note.

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In Witness Whereof, the parties have executed this **Convertible Promissory Note** as of the date first written above.

AXOGEN CORPORATION

By: /s/ Karen Zaderej
Name: Karen Zaderej
Title: Chief Executive Officer

Address:
13859 Progress Blvd.
Suite 100
Alachua, Florida 32615
Attn: Karen Zaderej, Chief Executive Officer
Email: kzaderej@axogeninc.com

Agreed to and Accepted:

LECTEC CORPORATION

By: /s/Gregory G. Freitag
Name: Gregory G. Frietag
Title: Chief Executive Officer

Address:
1407 South Kings Highway
Texarkana, Texas 75501
Attn: Greg Freitag
Email: ceo@lectec.com

EXHIBIT 10.2

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of May 3, 2011, is made and given by AXOGEN CORPORATION, a Delaware corporation (the "Grantor"), to LECTEC CORPORATION, a Minnesota corporation, as collateral agent (in such capacity, the "Agent") for the Investors (as defined below) and as an Investor (the Agent and the Investors being collectively referred to as the "Secured Parties").

RECITALS

A. The Grantor will or may become, or is now, indebted to those parties listed on Exhibit A hereto (each, an "Investor" and collectively, the "Investors") under the certain Subordinated Secured Convertible Promissory Note dated as of May 3, 2011 in the original principal amount of $500,000 and those additional Subordinated Secured Convertible Promissory Notes in such amounts and dated as provided in Exhibit A, as such Exhibit A may be amended from time to time (collectively, the "Notes").

B. The Secured Parties have required the Grantor to execute this Security Agreement and the Grantor has agreed to do so.

C. The Grantor finds it advantageous, desirable and in its best interests to comply with the requirement that it execute and deliver this Security Agreement to the Secured Parties.

NOW, THEREFORE, in consideration of the premises and in order to induce the Agent and the other Secured Parties to extend credit accommodations to the Grantor, the Grantor hereby agrees with the Agent for the Secured Parties' benefit as follows:

Section 1. Defined Terms.

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

"Account" means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a policy of insurance issued or to be issued, (iv) for a secondary obligation incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or information contained on or for use with the card, or (viii) as winnings in a lottery or other game of chance operated, sponsored, licensed or authorized by a State or governmental unit of a State, or person licensed or authorized to operate the game by a State or governmental unit of a State. The term includes health-care insurance receivables.

"Account Debtor" shall mean a Person who is obligated on or under any Account, Chattel Paper, Instrument or General Intangible.

"Chattel Paper" shall mean a record or records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods.

"Collateral" shall mean all property and rights in property now owned or hereafter at any time acquired by the Grantor in or upon which a Security Interest is granted to the Secured Parties by the Grantor under this Agreement.

"Current Loans" shall mean the indebtedness pursuant to (i) that certain Convertible Promissory Note and Warrant Purchase Agreement, dated June 11, 2010, as amended to date and (ii) the Existing Loan and Security Agreement.

"Deposit Account" shall mean any demand, time, savings, passbook or similar account maintained with a bank.

"Document" shall mean a document of title or a warehouse receipt.

"Equipment" shall mean all machinery, equipment, motor vehicles, furniture, furnishings and fixtures, including all accessions, accessories and attachments thereto, and any guaranties, warranties, indemnities and other agreements of manufacturers, vendors and others with respect to such Equipment.

"Event of Default" shall have the meaning given to such term in Section 18 hereof.

"Existing Loan and Security Agreement" shall mean collectively that certain Loan and Security Agreement dated as of April 21, 2008, as amended, by and among Oxford Finance LLC, a Delaware limited liability company (as successor in interest to Oxford Finance Corporation, a Delaware corporation) ("Oxford"), as agent and as a lender, and ATEL Ventures, Inc., as a lender and the "Loan Documents" as defined therein.

"Financing Statement" shall have the meaning given to such term in Section 4 hereof.

"Fixtures" shall mean goods that have become so related to particular real property that an interest in them arises under real property law.

"General Intangibles" shall mean any personal property (other than goods, Accounts, Chattel Paper, Deposit Accounts, Documents, Instruments, Investment Property, Letter of Credit Rights and money) including things in action, contract rights, payment intangibles, software, corporate and other business records, inventions, designs, patents, patent applications, service marks, trademarks, tradenames, trade secrets, internet domain names, engineering drawings, good will, registrations, copyrights, licenses, franchises, customer lists, tax refund claims, royalties, licensing and product rights, rights to the retrieval from third parties of electronically processed and recorded data and all rights to payment resulting from an order of any court.

"Instrument" shall mean a negotiable instrument or any other writing which evidences a right to the payment of a monetary obligation and is not itself a security agreement or lease and is of a type which is transferred in the ordinary course of business by delivery with any necessary endorsement or assignment.

"Inventory" shall mean goods, other than farm products, which are leased by a person as lessor, are held by a person for sale or lease or to be furnished under a contract of service, are furnished by a person under a contract of service, or consist of raw materials, work in process, or materials used or consumed in a business or incorporated or consumed in the production of any of the foregoing and supplies, in each case wherever the same shall be located, whether in transit, on consignment, in retail outlets, warehouses, terminals or otherwise, and all property the sale, lease or other disposition of which has given rise to an Account and which has been returned to the Grantor or repossessed by the Grantor or stopped in transit.

"Investment Property" shall mean a security, whether certificated or uncertificated, a security entitlement, a securities account and all financial assets therein, a commodity contract or a commodity account.

"Letter of Credit Right" shall mean a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance.

"Lien" shall mean any security interest, mortgage, pledge, lien, charge, encumbrance, title retention agreement or analogous instrument or device (including the interest of the lessors under capitalized leases), in, of or on any assets or properties of the Person referred to.

"Notes" shall have the meaning indicated in Recital A.

"Obligations" shall mean (a) all principal of, and interest on, the Notes and any extension, renewal or replacement thereof, (b) all liabilities of the Grantor under this Agreement, and (c) in all of the foregoing cases whether due or to become due, and whether now existing or hereafter arising or incurred.

"Permitted Lien" shall mean: (a) any Liens in respect of the notes issued in connection with that certain Convertible Promissory Note and Warrant Purchase Agreement, dated June 11, 2010, as amended to date; (b) first priority liens in favor of Oxford , as agent pursuant to the Existing Loan and Security Agreement; (c) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; (d) Liens (i) upon or in any Equipment acquired or held by Grantor to secure the purchase price of such Equipment or indebtedness incurred solely for the purpose of financing the acquisition of such Equipment or (ii) existing on such Equipment at the time of its acquisition, provided that the Lien is confined solely to the Equipment so acquired, improvements thereon and the Proceeds (as defined in the UCC) of such Equipment; (e) leases or subleases and licenses or sublicenses granted to others in the ordinary course of Grantor's business if such are otherwise permitted under this Security Agreement and do not interfere in any material respect with the business of Grantor; (f) any right, title or interest of a licensor under a license provided that such license or sublicense does not prohibit the grant of the security interest granted hereunder; (g) Liens arising from judgments, decrees or attachments which do not constitute an Event of Default hereunder; (h) easements, reservations, rights-of-way, restrictions, minor defects or irregularities in title and other similar Liens affecting real property not interfering in any material respect with the ordinary conduct of the business of Grantor; (i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; (j) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; (k) Liens on equipment leased by Grantor pursuant to an operating lease in the ordinary course of Grantor's business (including proceeds thereof and accessions thereto), all incurred solely for the purpose of financing the lease of such equipment (including Liens arising from UCC financing statements regarding such leases); (l) carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlord's liens or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith by appropriate proceedings and for which appropriate reserves have been made therefor; (m) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements; (n) deposits to secure the performance of tenders, bids or leases, trade contracts (other than for borrowed money), statutory obligations, surety, stay and appeal bonds, performance and return of money bonds, government contracts and other obligations of a like nature; and (o) any Lien approved in advance in writing by the Requisite Investors (as defined in the Notes).

"Person" shall mean any individual, corporation, partnership, limited partnership, limited liability company, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision or any other entity, whether acting in an individual, fiduciary or other capacity.

"Required Investors" shall mean Investors holding the higher of (i) 66 2/3% of the aggregate outstanding principal amount of the Notes and (ii) the percentage required in the Note Purchase Agreement to be entered into by the Investors with the Grantor upon execution of such agreement.

"Security Interest" shall have the meaning given such term in Section 2 hereof.

1(b) All other terms used in this Agreement which are not specifically defined herein shall have the meaning assigned to such terms in Article 9 of the Uniform Commercial Code as in effect in the State of Delaware.

1(c) Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, the singular, the plural and "or" has the inclusive meaning represented by the phrase "and/or." The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The words "hereof," "herein," "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Sections are references to Sections in this Security Agreement unless otherwise provided.

Section 2. Grant of Security Interest. As security for the payment and performance of all of the Obligations, the Grantor hereby grants to the Agent on behalf of and for the benefit of the Secured Parties a security interest (the "Security Interest") in all of the Grantor's right, title, and interest in and to the following, whether now or hereafter owned, existing, arising or acquired and wherever located:

2(a) All Accounts.

2(b) All Chattel Paper.

2(c) All Deposit Accounts.

2(d) All Documents.

2(e) All Equipment.

2(f) All Fixtures.

2(g) All General Intangibles.

2(h) All Instruments.

2(i) All Inventory.

2(j) All Investment Property.

2(k) All Letter of Credit Rights.

2(l) To the extent not otherwise included in the foregoing, all other rights to the payment of money, including rents and other sums payable to the Grantor under leases, rental agreements and other Chattel Paper; all books, correspondence, credit files, records, invoices, bills of lading, and other documents relating to any of the foregoing, including, without limitation, all tapes, cards, disks, computer software, computer runs, and other papers and documents in the possession or control of the Grantor; all rights in, to and under all policies insuring the life of any officer, director, stockholder or employee of the Grantor, the proceeds of which are payable to the Grantor; all accessions and additions to, parts and appurtenances of, substitutions for and replacements of any of the foregoing; and all proceeds (including insurance proceeds) and products thereof.

Section 3. Grantor Remains Liable. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the Accounts, Chattel Paper, General Intangibles and other items included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Agent of any of its rights hereunder shall not release the Grantor from any of its duties or obligations under the Accounts or any other items included in the Collateral, and (c) the Secured Parties and the Agent shall have no obligation or liability under Accounts, Chattel Paper, General Intangibles and other items included in the Collateral by reason of this Agreement, nor shall the Secured Parties or the Agent be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 4. Title to Collateral. The Grantor has (or will have at the time it acquires rights in Collateral hereafter acquired or arising) and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all Liens except the Security Interest and Permitted Liens. The Grantor will defend the Collateral against all material claims or demands of all Persons (other than the Agent) claiming the Collateral or any interest therein. Except as listed on Schedule 4, as of the date of execution of this Security Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction (a "Financing Statement") covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Agent relating to this Agreement.

Section 5. Disposition of Collateral. The Grantor will not sell, lease or otherwise dispose of, or discount or factor with or without recourse, any Collateral, except for sales of items of Inventory in the ordinary course of business and will not exclusively license all or substantially all of its intellectual property rights.

Section 6. Names, Offices, Locations, Jurisdiction of Organization. The Grantor's legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof. The jurisdiction of organization of the Grantor is the state of Delaware, and the organizational number of the Grantor is set forth on the signature page of this Agreement. The Grantor will from time to time at the request of the Agent provide the Secured Parties with current good standing certificates and/or state-certified constituent documents from the appropriate governmental officials. The chief place of business and chief executive office of Grantor are located at its address set forth on the signature page hereof. The Grantor will not locate or relocate any item of Collateral into any jurisdiction in which an additional Financing Statement would be required to be filed to maintain the Agent's perfected security interest in such Collateral. The Grantor will not change its name, the location of its chief place of business and chief executive office or its corporate structure (including without limitation, its jurisdiction of organization) unless the Agent has been given at least 30 days prior written notice thereof and the Grantor has executed and delivered to the Agent such Financing Statements and other instruments required or appropriate to continue the perfection of the Security Interest.

Section 7. Rights to Payment. Except as the Grantor may otherwise advise the Agent in writing, each Account, Chattel Paper, Document, General Intangible and Instrument constituting or evidencing Collateral is (or, in the case of all future Collateral, will be when arising or issued) the valid, genuine and legally enforceable obligation of the Account Debtor or other obligor named therein or in the Grantor's records pertaining thereto as being obligated to pay or perform such obligation. Without the Agent's prior written consent, the Grantor will not agree to any modifications or amendments increasing the amounts owed under the Current Loans. The Grantor will perform and comply in all material respects with all its obligations under any items included in the Collateral and exercise promptly and diligently its rights thereunder.

Section 8. Further Assurances; Attorney-in-Fact.

8(a) The Grantor agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or that the Agent may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral (but any failure to request or assure that the Grantor execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Grantor will, promptly and from time to time at the request of the Agent: (i) execute and file such Financing Statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices (including fixture filings with any necessary legal descriptions as to any goods included in the Collateral which the Agent determines might be deemed to be fixtures, and instruments and notices with respect to vehicle titles), as may be necessary or desirable, or as the Agent may request, in order to perfect, preserve, and enhance the Security Interest granted or purported to be granted hereby; (ii) obtain from any bailee holding any item of Collateral an acknowledgement, in form satisfactory to the Agent that such bailee holds such collateral for the benefit of the Agent; (iii) obtain from any securities intermediary, or other party holding any item of Collateral, control agreements in form satisfactory to the Agent; (iv) and deliver and pledge to the Agent, all Instruments and Documents, duly indorsed or accompanied by duly executed instruments of transfer or assignment, with full recourse to the Grantor, all in form and substance satisfactory to the Agent; and (v) obtain waivers, in form satisfactory to the Agent, of any claim to any Collateral from any landlords or mortgagees of any property where any Inventory or Equipment is located.

8(b) The Grantor hereby authorizes the Agent to file one or more Financing Statements or continuation statements in respect thereof, and amendments thereto, relating to all or any part of the Collateral without the signature of the Grantor where permitted by law. The Grantor irrevocably waives any right to notice of any such filing. A photocopy or other reproduction of this Agreement or any Financing Statement covering the Collateral or any part thereof shall be sufficient as a Financing Statement where permitted by law.

8(c) The Grantor will furnish to the Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent may reasonably request, all in reasonable detail and in form and substance reasonably satisfactory to the Agent.

8(d) In furtherance, and not in limitation, of the other rights, powers and remedies granted to the Agent in this Agreement, the Grantor hereby appoints the Agent the Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor or otherwise, from time to time in the Agent's good faith discretion, to take any action (including the right to collect on any Collateral) and to execute any instrument that the Agent may reasonably believe is necessary or advisable to accomplish the purposes of this Agreement, in a manner consistent with the terms hereof.

Section 9. Taxes and Claims. The Grantor will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Grantor's books in accordance with generally accepted accounting principles.

Section 10. Books and Records. The Grantor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including a record of all payments received and credits granted with respect to all Accounts, Chattel Paper and other items included in the Collateral.

Section 11. Inspection, Reports, Verifications. The Grantor will at all reasonable times permit the Agent or its representatives to examine or inspect any Collateral, any evidence of Collateral and the Grantor's books and records concerning the Collateral, wherever located. The Grantor will from time to time when requested by the Agent furnish to the Agent a report on its Accounts, Chattel Paper, General Intangibles and Instruments, naming the Account Debtors or other obligors thereon, the amount due and the aging thereof. The Agent or its designee is authorized to contact Account Debtors and other Persons obligated on any such Collateral from time to time to verify the existence, amount and/or terms of such Collateral.

Section 12. Notice of Loss. The Grantor will promptly notify the Agent of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Grantor, in any material item of Collateral or the prospect of payment or performance thereof.

Section 13. Insurance. The Grantor has the insurance policies described in Exhibit B in place and shall provide that each such policy shall not be canceled or allowed to lapse unless at least 30 days prior written notice is given to the Agent.

Section 14. Lawful Use; Fair Labor Standards Act. The Grantor will use and keep the Collateral, and will require that others use and keep the Collateral, only for lawful purposes, without violation of any federal, state or local law, statute or ordinance. All Inventory of the Grantor as of the date of this Agreement that was produced by the Grantor or with respect to which the Grantor performed any manufacturing or assembly process was produced by the Grantor (or such manufacturing or assembly process was conducted) in compliance in all material respects with all requirements of the Fair Labor Standards Act, and all Inventory produced, manufactured or assembled by the Grantor after the date of this Agreement will be so produced, manufactured or assembled, as the case may be.

Section 15. Action by the Agent. If the Grantor at any time fails to perform or observe any of the foregoing agreements, the Agent shall have (and the Grantor hereby grants to the Agent) the right, power and authority (but not the duty) to perform or observe such agreement on behalf and in the name, place and stead of the Grantor (or, at the Agent's option, in the Agent's name) and to take any and all other actions which the Agent may reasonably deem necessary to cure or correct such failure (including, without limitation, the payment of taxes, the satisfaction of Liens, the procurement and maintenance of insurance, the execution of assignments, security agreements and Financing Statements, and the indorsement of instruments); and the Grantor shall thereupon pay to the Agent on demand the amount of all monies expended and all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Agent in connection with or as a result of the performance or observance of such agreements or the taking of such action by the Agent, together with interest thereon from the date expended or incurred at the highest lawful rate then applicable to any of the Obligations, and all such monies expended, costs and expenses and interest thereon shall be part of the Obligations secured by the Security Interest.

Section 16. Insurance Claims. As additional security for the payment and performance of the Obligations, the Grantor hereby assigns to the Agent any and all monies (including proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of the Grantor with respect to, any and all policies of insurance now or at any time hereafter covering the Collateral or any evidence thereof or any business records or valuable papers pertaining thereto. At any time, whether before or after the occurrence of any Event of Default, the Agent may (but need not), in the Agent's name or in Grantor's name, execute and deliver proofs of claim, receive all such monies, indorse checks and other instruments representing payment of such monies, and adjust, litigate, compromise or release any claim against the issuer of any such policy. Notwithstanding any of the foregoing, so long as no Event of Default exists the Grantor shall be entitled to all insurance proceeds with respect to Equipment or Inventory provided that such proceeds are applied to the cost of replacement Equipment or Inventory.

Section 17. The Agent's Duties. The powers conferred on the Agent hereunder are solely to protect its and the Secured Parties' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. The Agent shall be deemed to have exercised reasonable care in the safekeeping of any Collateral in its possession if such Collateral is accorded treatment substantially equal to the safekeeping which the Agent accords its own property of like kind. Except for the safekeeping of any Collateral in its possession and the accounting for monies and for other properties actually received by it hereunder, the Agent shall have no duty, as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Agent has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any Persons or any other rights pertaining to any Collateral. The Agent will take action in the nature of exchanges, conversions, redemptions, tenders and the like requested in writing by the Grantor with respect to the Collateral in the Agent's possession if the Agent in its reasonable judgment determines that such action will not impair the Security Interest or the value of the Collateral, but a failure of the Agent to comply with any such request shall not of itself be deemed a failure to exercise reasonable care with respect to the taking of any necessary steps to preserve rights against any Persons or any other rights pertaining to any Collateral.

Section 18. Default. Each of the following occurrences shall constitute an Event of Default under this Agreement: (a) the failure of the Grantor to pay when due any of the Obligations; (b) the failure of the Grantor to perform any agreement of the Grantor contained herein, in the Notes or the Current Loans; (c) any statement, representation or warranty of the Grantor made herein or at any time furnished to any Secured Party is untrue in any respect as of the date made; (d) the entry of any final nonappealable judgment against the Grantor in excess of one hundred thousand dollars ($100,000); (e) the Grantor becomes insolvent or is generally not paying its debts as they become due; (f) the appointment of or assignment to a custodian, as that term is defined in the United States Bankruptcy Code, for any property of the Grantor, or encumbrance, levy, seizure or attachment of any portion of the Collateral; (g) the commencement of any proceeding or the filing of a petition by or against the Grantor under the provisions of the United States Bankruptcy Code for liquidation, reorganization or adjustment of debts or under any insolvency law or other statute or law providing for the modification or adjustment of the rights of creditors, and an order for relief is entered or such proceeding shall not be dismissed or discharged within 90 days of commencement; or (h) dissolution or transfer of a substantial part of the property of the Grantor.

Section 19. Remedies on Default. Upon the occurrence of an Event of Default and at any time during the continuance thereof:

19(a) The Agent may exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Delaware.

19(b) The Agent shall have the right to enter upon and into and take possession of all or such part or parts of the properties of the Grantor, including lands, plants, buildings, Equipment, Inventory and other property as may be necessary or appropriate in the judgment of the Agent to permit or enable the Agent to manufacture, produce, process, store or sell or complete the manufacture, production, processing, storing or sale of all or any part of the Collateral, as the Agent may elect, and to use and operate said properties for said purposes and for such length of time as the Agent may deem necessary or appropriate for said purposes without the payment of any compensation to the Grantor therefor. The Agent may require the Grantor to, and the Grantor hereby agrees that it will, at its expense and upon request of the Agent forthwith, assemble all or part of the Collateral as directed by the Agent and make it available to the Agent at a place or places to be designated by the Agent.

19(c) Any disposition of Collateral may be in one or more parcels at public or private sale, at any of the Agent's offices or elsewhere, for cash, on credit, or for future delivery, and upon such other terms as the Agent may reasonably believe are commercially reasonable. The Agent shall not be obligated to dispose of Collateral regardless of notice of sale having been given, and the Agent may adjourn any public or private sale from time to time by announcement made at the time and place fixed therefor, and such disposition may, without further notice, be made at the time and place to which it was so adjourned.

19(d) The Agent is hereby granted a license or other right to use, without charge, all of the Grantor's property, including, without limitation, all of the Grantor's labels, trademarks, copyrights, patents and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale and selling any Collateral, and the Grantor's rights under all licenses and all franchise agreements shall inure to the Agent's benefit.

19(e) If notice to the Grantor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given in the manner specified for the giving of notice in Section 24 hereof at least ten calendar days prior to the date of intended disposition or other action, and the Agent may exercise or enforce any and all other rights or remedies available by law or agreement against the Collateral, against the Grantor, or against any other Person or property. The Agent (i) may dispose of the Collateral in its then present condition or following such preparation and processing as the Agent deems commercially reasonable, (ii) shall have no duty to prepare or process the Collateral prior to sale, (iii) may disclaim warranties of title, possession, quiet enjoyment and the like, and (iv) may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and none of the foregoing actions shall be deemed to adversely affect the commercial reasonableness of the disposition of the Collateral.

Section 20. Remedies as to Certain Rights to Payment. Upon the occurrence of an Event of Default and at any time thereafter the Agent may notify any Account Debtor or other Person obligated on any Accounts or other Collateral that the same have been assigned or transferred to the Agent and that the same should be performed as requested by, or paid directly to, the Agent, as the case may be. The Grantor shall join in giving such notice, if the Agent so requests. The Agent may, in the Agent's name or in the Grantor's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, or securing, any such Collateral or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligation of any such Account Debtor or other Person. If any payments on any such Collateral are received by the Grantor after an Event of Default has occurred, such payments shall be held in trust by the Grantor as the property of the Agent and shall not be commingled with any funds or property of the Grantor and shall be forthwith remitted to the Agent for application on the Obligations.

Section 21. Application of Proceeds. All cash proceeds received by the Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Agent, be held by the Agent as collateral for, or then or at any time thereafter be applied in whole or in part by the Agent against, all or any part of the Obligations (including, without limitation, any expenses of the Agent payable pursuant to Section 22 hereof).

Section 22. Costs and Expenses; Indemnity. The Grantor will pay or reimburse the Agent on demand for all reasonable documented out-of-pocket expenses (including in each case all filing and recording fees and taxes and all reasonable fees and expenses of counsel and of any experts and agents) incurred by the Agent in connection with the satisfaction, foreclosure or enforcement of the Security Interest and this Agreement, and all such costs and expenses shall be part of the Obligations secured by the Security Interest. The Grantor shall indemnify and hold the Agent harmless from and against any and all claims, losses and liabilities (including reasonable attorneys' fees) growing out of or resulting from this Agreement and the Security Interest hereby created (including enforcement of this Agreement) or the Agent's actions pursuant hereto, except claims, losses or liabilities resulting from the Agent's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction. Any liability of the Grantor to indemnify and hold the Agent harmless pursuant to the preceding sentence shall be part of the Obligations secured by the Security Interest. The obligations of the Grantor under this Section shall survive any termination of this Agreement.

Section 23. Waivers; Remedies; Marshalling. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Agent, Required Investors and the Grantor. A waiver so signed shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any rights and remedies available to the Agent. All rights and remedies of the Agent shall be cumulative and may be exercised singly in any order or sequence, or concurrently, at the Agent's option, and the exercise or enforcement of any such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. The Grantor hereby waives all requirements of law, if any, relating to the marshalling of assets which would be applicable in connection with the enforcement by the Agent of its remedies hereunder, absent this waiver.

Section 24. Notices. Any notice or other communication to any party in connection with this Agreement shall be in writing and shall be sent by manual delivery, facsimile transmission, overnight courier or United States mail (postage prepaid) addressed to such party at the address specified on the signature page hereof, or at such other address as such party shall have specified to the other party hereto in writing. All periods of notice shall be measured from the date of delivery thereof if manually delivered, from the date of sending thereof if sent by facsimile transmission, from the first business day after the date of sending if sent by overnight courier, or from four days after the date of mailing if mailed.

Section 25. Grantor Acknowledgments. The Grantor hereby acknowledges that (a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement, (b) neither the Agent nor any Secured Party has a fiduciary relationship to the Grantor, the relationship being solely that of debtor and creditor, and (c) no joint venture exists between the Grantor and the Agent or any Secured Party.

Section 26. Representations and Warranties. The Grantor hereby represents and warrants to the Agent and the Secured Parties that:

26(a) The Grantor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has the corporate power and authority and the legal right to own and operate its properties and to conduct the business in which it is currently engaged.

26(b) The Grantor has the power and authority and the legal right to execute and deliver, and to perform its obligations under, this Agreement and has taken all necessary corporate action to authorize such execution, delivery and performance.

26(c) This Agreement constitutes a legal, valid and binding obligation of the Grantor enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

26(d) The execution, delivery and performance of this Agreement will not (i) violate any provision of any law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect having applicability to the Grantor, (ii) violate or contravene any provision of the Certificate of Incorporation or bylaws of the Grantor, or (iii) result in a breach of or constitute a default under any indenture, loan or credit agreement or any other agreement, lease or instrument to which the Grantor is a party or by which it or any of its properties may be bound or result in the creation of any Lien thereunder. The Grantor is not in default under or in violation of any such law, statute, rule or regulation, order, writ, judgment, injunction, decree, determination or award or any such indenture, loan or credit agreement or other agreement, lease or instrument in any case in which the consequences of such default or violation could have a material adverse effect on the business, operations, properties, assets or condition (financial or otherwise) of the Grantor.

26(e) Except for filings, recordings and registrations to perfect the Security Interest, no order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority is required on the part of the Grantor to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, this Agreement.

26(f) There are no actions, suits or proceedings pending or, to the knowledge of the Grantor, threatened against or affecting the Grantor or any of its properties before any court or arbitrator, or any governmental department, board, agency or other instrumentality which, if determined adversely to the Grantor, would have a material adverse effect on the business, operations, property or condition (financial or otherwise) of the Grantor or on the ability of the Grantor to perform its obligations hereunder.

Section 27. Continuing Security Interest. This Agreement shall (a) create a continuing security interest in the Collateral and shall remain in full force and effect until payment in full of the Obligations and the expiration of the obligations, if any, of the Agent and the Secured Parties to extend credit accommodations to the Grantor, (b) be binding upon the Grantor, its successors and assigns, and (c) inure to the benefit of, and be enforceable by, the Agent and its successors, transferees, and assigns.

Section 28. Termination of Security Interest. Upon payment in full of the Obligations and the expiration of any obligation of the Agent and the Secured Parties to extend credit accommodations to the Grantor, the Security Interest granted hereby shall terminate. Upon any such termination, the Agent will return to the Grantor such of the Collateral then in the possession of the Agent as shall not have been sold or otherwise applied pursuant to the terms hereof and execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination. Any reversion or return of Collateral upon termination of this Agreement and any instruments of transfer or termination shall be at the expense of the Grantor and shall be without warranty by, or recourse on, the Agent. As used in this Section, "Grantor" includes any assigns of Grantor, any Person holding a subordinate security interest in any of the Collateral or whoever else may be lawfully entitled to any part of the Collateral.

Section 29. The Agent.

29(a) Each Investor hereby appoints LecTec Corporation as its contractual representative (herein referred to as the "Agent") hereunder, and each of the Investors irrevocably authorizes the Agent to act as the contractual representative of such Investor with the rights and duties expressly set forth herein. The Agent agrees to act as such contractual representative upon the express conditions in this Section 27. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Investor by reason of this Agreement and that the Agent is merely acting as the contractual representative of the Investors with only those duties as are expressly set forth in this Agreement. In its capacity as the Investors' contractual representative, the Agent (i) does not hereby assume any fiduciary duties to any of the Investors, (ii) is a "representative" of the Investors within the meaning of the term "secured party" as defined in the Delaware Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement. Each of the Investors hereby agrees to assert no claim against the Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Investor hereby waives.

29(b) The Agent shall have and may exercise such powers under this Agreement as are specifically delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Investors and no obligation to the Investors to take any action thereunder except any action specifically provided by this Agreement to be taken by the Agent.

29(c) Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Grantor or any Investor for any action taken or omitted to be taken hereunder or in connection herewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of the Agent or any its directors, officers, agents or employees, as the case may be.

29(d) Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (a) any statement, warranty or representation made in connection with any Note or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of under this Agreement and the Notes; (c) the existence or possible existence of any Event of Default; (d) the validity, enforceability, effectiveness, sufficiency or genuineness of any document or any other instrument or writing furnished in connection therewith; (e) the value, sufficiency, creation, perfection or priority of the Security Interest; or (f) the financial condition of the Grantor.

29(e) The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with written instructions signed by the Required Investors, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Investors. The Investors hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless the Required Investors request in writing that it take such action. The Agent shall be fully justified in failing or refusing to take any action hereunder unless it is first indemnified to its satisfaction by the Investors pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

29(f) The Agent may execute any of its duties as Agent hereunder by or through employees, agents and attorneys-in-fact and shall not be answerable to the Investors, except as to money or securities received by it or its authorized agents, for the default or misconduct of any employees, agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Agent and the Investors and all matters pertaining to the Agent's duties hereunder.

29(g) The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex, electronic mail message, statement, paper or document it believes to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

29(h) The Investors agree to reimburse and indemnify the Agent ratably in proportion to their aggregate outstanding principal amount of the Notes (i) for any amounts not reimbursed by the Grantor for which the Agent is entitled to reimbursement by the Grantor under this Agreement, (ii) for any other expenses incurred by the Agent on behalf of the Investors, in connection with the preparation, execution, delivery, administration and enforcement of this Agreement (including, without limitation, for any expenses incurred by the Agent in connection with any dispute between the Agent and any Investor or between two or more of the Investors) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Agent in connection with any dispute between the Agent and any Investor or between two or more of the Investors), or the enforcement of any of the terms of this Agreement, *provided* that no Investor shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent. The obligations of the Investors under this Section shall survive payment of the Obligations and termination of this Agreement.

29(i) The Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default hereunder unless the Agent has received written notice from an Investor or the Grantor referring to this Agreement describing such Event of Default and stating that such notice is a "notice of default." In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Investors; provided that the Agent shall have no duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Grantor that is communicated to or obtained by the bank serving as Agent or any of its affiliates in any capacity.

29(j) In the event the Agent is a Investor, the Agent shall have the same rights and powers hereunder with respect to its Note as any Investor and may exercise the same as though it were not the Agent, and the term "Investor" or "Investors" shall, at any time when the Agent is an Investor, unless the context otherwise requires, include the Agent in its individual capacity. The Agent and its affiliates may accept deposits from, lend money to and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement, with the Grantor in which the Grantor is not restricted hereby from engaging with any other Person.

29(k) Each Investor acknowledges that it has, independently and without reliance upon the Agent or any other Investor and based on the financial statements prepared by the Grantor and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to extend credit accommodations to the Grantor. Each Investor also acknowledges that it will, independently and without reliance upon the Agent or any other Investor and based on such documents and information as it deems appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement. Except for any notice expressly required to be furnished to the Investors by the Agent hereunder, the Agent shall have no duty or responsibility (either initially or on a continuing basis) to provide any Investor with any notice, report, document, credit information or other information concerning the affairs, financial condition or business of the Grantor or any of its affiliates that may come into the possession of the Agent (whether or not in its respective capacity as Agent) or any of their affiliates.

29(l) Each Investor further acknowledges that it has had the opportunity to be represented by legal counsel in connection with its execution of this Agreement, that it has made its own evaluation of all applicable laws and regulations relating to the transactions contemplated hereby and that the counsel to the Agent represents only the Agent and not the Investors in connection with this Agreement and the transactions contemplated hereby.

29(m) The Agent may resign at any time by giving written notice thereof to the Investors and the Grantor, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. Upon any such resignation or removal, the Required Investors shall have the right to appoint, on behalf of the Grantor and the Investors, a successor Agent. If no successor Agent is so appointed by the Required Investors within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of the Grantor and the Investors, a successor Agent. Notwithstanding the previous sentence, the Agent may at any time without the consent of the Grantor or any Investor appoint any of its affiliates that is a commercial bank as a successor Agent hereunder. If the Agent has resigned or been removed and no successor Agent has been appointed, the Investors may perform all the duties of the Agent hereunder and the Grantor shall make all payments in respect of the Obligations to the applicable Investor and for all other purposes shall deal directly with the Investors. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Agent. Upon the effectiveness of the resignation of the Agent, the resigning Agent shall be discharged from its duties and obligations hereunder. After the effectiveness of the resignation of an Agent, the provisions of this Section 29 shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder.

29(n) The Investors hereby empower and authorize the Agent to execute and deliver to the Grantor on their behalf the collateral documents, all related financing statements and any financing statements, agreements, documents or instruments that are necessary or appropriate to effect the purposes of the collateral documents.

29(o) The Investors hereby empower and authorize the Agent to execute and deliver to the Grantor on their behalf any agreements, documents or instruments that are necessary or appropriate to effect any releases of Collateral that the Required Investors have approved in writing by the terms hereof or otherwise.

Section 30. **Governing Law and Construction. THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE MANDATORILY GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF DELAWARE**. Whenever possible, each provision of this Agreement and any other statement, instrument or transaction contemplated hereby or relating hereto shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto shall be held to be prohibited or invalid under such applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto.

Section 31. **Consent to Jurisdiction. AT THE OPTION OF THE AGENT, THIS AGREEMENT MAY BE ENFORCED IN ANY FEDERAL COURT OR DELAWARE STATE COURT; AND THE GRANTOR CONSENTS TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT.[1] IN THE EVENT THE GRANTOR COMMENCES ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS AGREEMENT, THE AGENT AT ITS OPTION SHALL BE ENTITLED TO HAVE THE CASE TRANSFERRED TO ONE OF THE JURISDICTIONS AND VENUES ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.**

Section 32. **Waiver of Notice and Hearing. THE GRANTOR HEREBY WAIVES ALL RIGHTS TO A JUDICIAL HEARING OF ANY KIND PRIOR TO THE EXERCISE BY THE AGENT OF ITS RIGHTS TO POSSESSION OF THE COLLATERAL WITHOUT JUDICIAL PROCESS OR OF ITS RIGHTS TO REPLEVY, ATTACH, OR LEVY UPON THE COLLATERAL WITHOUT PRIOR NOTICE OR HEARING. THE GRANTOR ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY COUNSEL OF ITS CHOICE WITH RESPECT TO THIS PROVISION AND THIS AGREEMENT.**

Section 33. **Waiver of Jury Trial. EACH OF THE GRANTOR AND THE AGENT, BY ITS ACCEPTANCE OF THIS AGREEMENT, IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

Section 34. **Subordination. THE SECURITY INTEREST GRANTED HEREIN (AND ALL PAYMENT AND ENFORCEMENT PROVISIONS HEREIN) IS SUBJECT TO THE SUBORDINATION AGREEMENT (THE "*SUBORDINATION AGREEMENT*") BY AND AMONG LECTEC CORPORATION, AXOGEN CORPORATION, OXFORD FINANCE LLC (AS SUCCESSOR IN INTEREST TO OXFORD FINANCE CORPORATION), IN ITS CAPACITY AS AGENT AND AS A LENDER AND ATEL VENTURES, INC., AS A LENDER, DATED AS OF MAY 3, 2011. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THIS AGREEMENT AND THE SUBORDINATION AGREEMENT, THE TERMS OF THE SUBORDINATION AGREEMENT SHALL CONTROL.**

Section 35. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

Section 36. General. All representations and warranties contained in this Agreement or in any other agreement between the Grantor and the Agent shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. The Grantor waives notice of the acceptance of this Agreement by the Agent. Captions in this Agreement are for reference and convenience only and shall not affect the interpretation or meaning of any provision of this Agreement.

Section 37. Additional Investors. The parties hereto agree that Exhibit A may be amended from time to time to include additional Notes and additional Investor(s) as agreed to by the Grantor and the Agent and as confirmed by the Grantor, the Agent and such additional Investor(s) by the execution of a revised Exhibit A. Upon such execution, such additional Investor(s) shall become parties to this Security Agreement as if such Investor(s) had originally executed this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Grantor has caused this Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

AXOGEN CORPORATION

/s/ Karen Zaderej
Karen Zaderej, CEO

Address for Grantor:

13859 Progress Blvd.
Suite 100
Alachu, Florida 32615
Email: kzaderej@axogeninc.com

Address for the Agent:
LecTec Corporation
1407 South Kings Highway
Texarkana, Texas 75501
Email: ceo@lectec.com

Acknowledged and Agreed:

LECTEC CORPORATION,
as Agent and an Investor

/s/ Greg Freitag
Greg Freitag, CEO

EXHIBIT A

INVESTORS AND NOTES

Exhibit A to the Security Agreement dated as of May 3, 2011 (the "Security Agreement") made and given by Axogen Corporation, a Delaware corporation (the "Grantor"), to LecTec Corporation, a Minnesota corporation, as collateral agent (in such capacity, the "Agent") for the Investors (as defined in the Security Agreement), and as an Investor is hereby updated as follows:

Investor Name	***Date of Note***	***Amount of Note***
LecTec Corporation	May 3, 2011	$ 500,000
LecTec Corporation	May 31, 2011	$ 2,000,000

Agreed to and accepted by the Agent and the Grantor as of May 3, 2011.

AXOGEN CORPORATION

/s/ Karen Zaderej
Karen Zaderej, CEO

LECTEC CORPORATION

/s/ Greg Freitag
Greg Freitag, CEO

The undersigned agrees to become a party to the Security Agreement as an Investor and to be bound by each and all of the terms of the Security Agreement, in each case as if the undersigned had originally executed the Security Agreement in such capacity.

EXHIBIT B

INSURANCE POLICIES

Policy	Carrier	Policy #	Period	Amount	Deductible
Workers Compensation	CNA Insurance	2064583115	6/1/10 – 6/1/11	$ 1,000,000	0
Auto Liability	CNA Insurance	2091148732	6/1/10 – 6/1/11	$ 1,000,000	$ 1,000
General Liability	CNA Insurance	2064583132	6/1/10 – 6/1/11	$ 1M/$2M	$ 1,000
Umbrella	CNA Insurance	2097171662	6/1/10 – 6/1/11	$ 4,000,000	$ 1,000
Property -	CNA Insurance	2064583132	6/1/10 – 6/1/11	$ 132,000	$ 1,000
Property -	Landmark	LHD367761	6/1/10 – 6/1/11	$ 421,000	$ 1,000
Product Liability	CNA Healthpro	2097437066	6/1/10 – 6/1/11	$ 5,000,000	$ 50,000
Directors & Officers Employment Practices	Carolina Casualty	6972644	6/1/10 – 6/1/11	$ 2,000,000	$ 10,000
Cargo	Falvey / Lloyds	MC-2452 WC-2452	6/1/10 – 6/1/11	$ 50,000	$ 1,000
Mechanical Breakdown	Travelers	BM214317B962	6/1/10 – 6/1/11	$ 2,281,021	$ 5,000

SCHEDULE 4

EFFECTIVE FINANCING STATEMENTS

1. Grantor has granted a first priority security interest in all of its assets to Agent (as defined below) pursuant to (i) that certain Loan and Security Agreement dated April 21, 2008, as amended to date, by and among Oxford Finance Corporation, a Delaware corporation ("Oxford"), as collateral agent ("Agent"), and the Lenders listed on Schedule 1.1 thereof and otherwise party hereto, including without limitation, Oxford and ATEL Ventures, Inc. (the "Loan Agreement") and (ii) that certain Intellectual Property Security Agreement dated January 7, 2010 by and among Oxford, as Agent for the Lenders listed on Schedule 1.1 to the Loan Agreement, and Grantor.

2. Grantor has granted a third lien security interest in all of its assets pursuant to the Secured Parties (as defined below) that certain Security Agreement (the "Agreement") dated June 11, 2010, as amended to date, by and among Grantor and each of the signatories thereto (each a "Secured Party" and collectively the "Secured Parties").

Exhibit 99.1

LecTec Corporation Announces Signing of Merger Agreement with AxoGen Inc.

June 2, 2011

TEXARKANA, Texas—(BUSINESS WIRE)—LecTec Corporation (OTCBB: LECT) announced today that on May 31, 2011 it entered into an Agreement and Plan of Merger ("Merger Agreement") with AxoGen Corporation, d/b/a AxoGen Inc., a privately held company focused on developing and commercializing medical products for the repair of peripheral nerve injuries. As provided in the Merger Agreement, a newly formed subsidiary of LecTec will merge with and into AxoGen. AxoGen will be the surviving corporation and will continue its business as a wholly-owned subsidiary of LecTec. AxoGen security holders will receive, or have reserved for issuance pursuant to stock options, 7,267,087 shares of LecTec common stock. In addition, current security holders of AxoGen have agreed to purchase, immediately following the merger, an additional 454,193 shares of LecTec common stock for $1 million, the effective price of the shares being received in the merger by the shareholders of AxoGen. Upon consummation of these transactions, the pre-merger shareholders of LecTec, on a fully diluted basis as of the closing date of the merger, will hold approximately 38% of LecTec common stock.

Greg Freitag, LecTec's CEO, stated "I am delighted to complete the critical step of signing this Merger Agreement with AxoGen. AxoGen is an established, growing company selling proprietary products that are proven in the marketplace. We are not betting on whether a product can be developed, if it will work or whether there is a market; we are providing the capital necessary for AxoGen to leverage its current traction by expanding its sales and marketing activity. We believe AxoGen is at an inflection point where all of its work is coming together and we will obtain the advantage of this timing. This situation provides a unique opportunity for LecTec to enter into a transaction that fits our merger model and, at the same time, provides AxoGen the emerging growth capital it requires. The AxoGen team has built an exceptional company and I am confident they will continue their outstanding work for the benefit of all the shareholders upon completion of the merger."

Under the terms of the Merger Agreement, LecTec must have unencumbered cash, cash equivalents and outstanding loans to AxoGen in the aggregate amount of $10.5 million as a condition to closing the merger. LecTec and AxoGen have also agreed that LecTec and/or certain other parties may invest up to an additional $2 million at the effective price for the merger consideration. LecTec is evaluating its estimated cash remaining, after expenses, at closing, any additional AxoGen cash requirements and the value to LecTec shareholders of a further investment.

In addition, on May 31, 2011, LecTec purchased from AxoGen a $2,000,000 subordinated secured convertible promissory note and certain current investors of AxoGen purchased an aggregate of $500,000 of such notes. The notes bear interest at an annual rate of 8% and have a maturity date of June 30, 2013. The notes are secured by AxoGen's assets and are subordinated to the indebtedness owing to AxoGen's senior lenders. Immediately prior to the closing of the merger, the notes held by investors other than LecTec will automatically convert into AxoGen common stock which will then be exchanged for LecTec common stock under the terms of the Merger Agreement.

Karen Zaderej, AxoGen's CEO stated: "AxoGen is excited about the merger with LecTec Corporation. With LecTec's financial support, we can continue to expand our efforts to help surgeons provide relief and recovery for patients who are in pain or who have lost sensory or motor function due to a peripheral nerve injury. We plan to intensify our marketing and sales efforts domestically and internationally and continue our clinical and developmental efforts to further expand our market and portfolio of products. The transition to a publicly traded company is a significant milestone for our organization and we are enthusiastic about the opportunities now afforded to us."

In the near future, LecTec will file documents with the Securities and Exchange Commission to register the shares to be issued in the merger and to solicit proxies for the approval of the merger by LecTec's shareholders. Assuming these filings are subjected to a full review by the Commission, LecTec currently expects to hold a LecTec shareholder meeting in September 2011 to take various actions in connection with the merger including getting shareholder approval of the transaction. Assuming closing conditions are met and shareholders of both AxoGen and LecTec approve the merger, the merger will be completed shortly after the LecTec shareholder meeting.

About LecTec

LecTec is an intellectual property licensing and holding company whose primary strategy is to pursue a merger to leverage its cash asset and improve shareholder value and liquidity. LecTec also has a licensing agreement with Novartis Consumer Health, Inc., under which LecTec receives royalties from time to time based upon a percentage of Novartis' net sales of licensed products. LecTec's intellectual property portfolio contains domestic and international patents based on its original hydrogel patch technology and patent applications on a hand sanitizer patch. LecTec has completed through settlement its previous legal action against five defendants and on May 9, 2011 sold a significant portion of its hydrogel patch intellectual property to Endo Pharmaceuticals Inc. Such actions have ended LecTec's current pursuit of legal action regarding its intellectual property. The LecTec anti-microbial hand sanitizer patch is intended to be dry, thereby rendering the patch harmless in the event that it is licked, chewed, or exposed to the eye. An initial prototype of the hand sanitizer patch has been developed and LecTec is exploring the engagement of a strategic partner to complete its hand sanitizer patch development. An effort to monetize the remainder of LecTec's intellectual property is also ongoing, however, any substantial additional value is uncertain. LecTec's website is www.lectec.com.

About AxoGen

AxoGen is bringing the science of nerve repair to life by providing innovative solutions to surgeons who have patients with peripheral nerve injuries. Peripheral nerves provide the pathway for both motor and sensory signals throughout the body. Every year, hundreds of thousands of people suffer traumatic injuries or have surgical procedures that impact the function of their peripheral nerves. AxoGen helps these patients with a unique platform of products. Avance® Nerve Graft is the first and only commercially available allograft nerve for bridging nerve discontinuities. AxoGuard® Nerve Protector isolates compressed nerves during the healing process. AxoGuard® Nerve Connector is a coaptation aid allowing for close approximation of severed nerves. Established in 2002, AxoGen is a privately held company based in Alachua, Florida, and has received funding from private investors including Accuitive Medical Ventures, Cardinal Partners, De Novo Ventures, JAM Capital and Springboard Capital II, LLC. AxoGen is a registered tissue establishment with the FDA. AxoGen's website is www.axogeninc.com

Cautionary Statements

This press release contains forward–looking statements concerning possible or anticipated future results of operations or business developments which are typically preceded by the words "believes," "wants," "expects," "anticipates," "intends," "will," "may," "should," or similar expressions. Such forward looking statements are subject to risks and uncertainties which could cause results or developments to differ materially from those indicated in the forward–looking statements. Such risks and uncertainties include, but are not limited to, LecTec's dependence on royalty payments from Novartis Consumer Health, Inc., which is selling an adult vapor patch licensed from LecTec, LecTec's dependence on key personnel and Board of Director members, the issuance of new accounting pronouncements, information disseminated on internet message boards from posters expressing opinions that may or may not be factual, the availability of opportunities for license, sale or strategic partner agreements related to patents that LecTec holds, limitations on merger and acquisition opportunities, and other risks and uncertainties detailed from time to time in LecTec's filings with the Securities and Exchange Commission, and particularly as described in the "Risk Factors" included in our Form 10–K for the year ended December 31, 2010.

Additional Information about the Proposed Transaction

In connection with the proposed merger, LecTec intends to file relevant materials with the U.S. Securities and Exchange Commission (the "SEC"), including a Registration Statement on Form S–4 (the "Registration Statement"), which will include a preliminary proxy statement/prospectus (the "Proxy Statement") relating to the planned meeting of LecTec's shareholders and the registration of the securities of the Company to be issued in exchange for securities of AxoGen. The Registration Statement will contain important information about LecTec, AxoGen, the proposed merger and related matters. LecTec's shareholders are urged to read the Registration Statement carefully when it is available. LecTec will mail the Proxy Statement to its shareholders. LecTec urges investors and security holders to read the Proxy Statement regarding the proposed issuances when it becomes available because it will contain important information. LecTec's shareholders will be able to obtain free copies of all documents filed with the SEC by LecTec, when they become available, through the web site maintained by the SEC at www.sec.gov. LecTec's shareholders will also receive information at an appropriate time on how to obtain these documents free of charge from LecTec. The Registration Statement and other documents filed with the SEC by LecTec may be obtained free of charge by contacting LecTec at: LecTec Corporation, 1407 South Kings Highway, Texarkana, Texas 75501, facsimile: (763) 559–7593.

Information Regarding Participants

LecTec and its directors, executive officers and certain other members of management and employees may be soliciting proxies from LecTec shareholders in favor of the merger and other related matters. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of LecTec shareholders in connection with the proposed transaction will be set forth in the Proxy Statement when it is filed with the SEC. You can find information about LecTec's executive officers and directors in LecTec's Annual Report on Form 10–K for the year ended December 31, 2010, filed with the SEC on March 30, 2011. Free copies of the Annual Report may be obtained from LecTec as described above.

Contacts

LecTec Corporation, Greg Freitag, CEO/CFO (903) 832-0993

AxoGen Corporation, Monica L. Tarver Director of Marketing (386) 462-6800