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MERGER OR SHARE EXCHANGE

Global Music Entertainment Corp.

Certificate of Status	0
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February 2, 2007

FLORIDA DEPARTMENT OF STATE

Division of Corporations
GLOBAL MUSIC ENTERTAINMENT CORP.
2649 NE 186TH TERRACE
NORTH MIAMI BEACH, FL 33180

SUBJECT: GLOBAL MUSIC ENTERTAINMENT CORP.
REF: P07000007499

We received your electronically transmitted document. However, the document has not been filed. Please make the following corrections and refile the complete document, including the electronic filing cover sheet.

You have listed 3(three) corporation in which 2(two) of them has the same document number. It appears GLOBAL MUSIC ENTERTAINMENT CORP (Document Number P07000007499) is the surviving corporation and the merging corporations are FREDERICK ENTERTAINMENT, INC. (A NEVADA CORPORATION) and FREDRICKS ENTERAINMENT, INC. (Document Number P00000023424).

Please correct your Articles of Merger to reflect such and correct the Estimated Charge to \$35 per entity totaling \$105.00.

The document must have original signatures.

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 245-6964.

Irene Albritton
Document Specialist

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ARTICLES OF MERGER
(Profit Corporations)

The following articles of merger are submitted in accordance with the Florida Business Corporation Act, pursuant to section 607.1105, Florida Statutes

First:

The name and jurisdiction of the surviving corporation:

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u>
Fredericks Entertainment Inc.	Florida	P00000023424

Second:

The name and jurisdiction of each merging corporation

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u>
Global Music Entertainment Corp.	Florida	P07000007499

Third:

The Agreement and Plan of Merger is attached

Fourth:

The merger shall become effective on the date the Articles of Merger are filed with the Florida Department of the State

Fifth:

The Agreement and Plan of Merger was adopted by the shareholders of the surviving corporation on February 1, 2007. The number of votes cast in favor of the Agreement and Plan of Merger was sufficient for approval.

Sixth:

The Agreement and Plan of Merger was adopted by the shareholders of the merging corporation on February 1, 2007. The number of votes cast in favor of the Agreement and Plan of Merger was sufficient for approval.

These Articles of Merger were adopted by the respective parties on the date set forth below:

13.4 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

13.5 Facsimile Signatures. Signatures hereon which are transmitted via facsimile shall be deemed original signatures.

13.6 Headings; Gender. The headings, captions and/or use of a particular gender or neuter under sections of this Agreement are for convenience of reference only and do not in any way modify, interpret or construe the intent of the parties or affect any of the provisions of this Agreement.

This Agreement executed on the date written.

FREDERICKS ENTERTAINMENT, INC.
(a NV corp)

By: 

Name: Alex Aksent

Title: President

GLOBAL MUSIC ENTERTAINMENT CORP.

By: 

Name: Alex Aksent

Title: President

Target:

FREDERICKS ENTERTAINMENT, INC.
(a FL corp)

By: 

Name: Alex Aksent

Title: President

AGREEMENT AND PLAN OF MERGER

AMONG

FREDERICKS ENTERTAINMENT, INC.
(a Nevada Corporation)

GLOBAL MUSIC ENTERTAINMENT CORP.
(a Florida Corporation)

AND

FREDERICKS ENTERTAINMENT, INC.
(a Florida Corporation)

Dated as of February 1, 2007

AGREEMENT AND PLAN OF MERGER dated as of February 1, 2007 (the "Agreement") by and among **FREDERICKS ENTERTAINMENT, INC.**, a Nevada corporation ("Purchaser"), **GLOBAL MUSIC ENTERTAINMENT CORP.**, a Florida corporation and a wholly-owned subsidiary of Purchaser ("Acquisition Sub"), and **FREDERICKS ENTERTAINMENT INC.**, a Florida corporation ("Target"), and Purchaser, Acquisition Sub and Target are sometimes collectively referred to as the "Parties" and individually as a "Party".

RECITALS:

Purchaser is a company whose common stock was previously quoted on the Pink Sheets. Purchaser currently has no operations.

Acquisition Sub is a newly formed Florida corporation. It has no operations or assets.

Target is in the entertainment field. Its business model calls for developing new musical talent, managing, producing, and directing talent and the production and marketing of records, including the development of a record label and incidental activities thereto (the "Business").

Subject to the terms and conditions hereof, Purchaser, Acquisition Sub and Target deem it desirable and in the best interests of their respective corporations and shareholders that Acquisition Sub merge with and into Target (the "Merger") in a statutory merger in accordance with the laws of the State of Florida (the "Florida Statute").

NOW, THEREFORE, in consideration of the mutual benefits to be derived hereby and the representations, warranties, covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I

DEFINED TERMS; SCHEDULES

1.1 **Defined Terms.** Capitalized terms used in this Agreement will have the meanings as defined in the text of this Agreement, and variants and derivatives of such terms shall have correlative meanings.

1.2 **Schedules.** References to a Schedule will include any applicable disclosure expressly set forth on the face of any other Schedule if specifically cross-referenced to such other Schedule. Each Schedule and the information, agreements and documents expressly listed in each Schedule will be considered a part of this Agreement as if set forth herein in full and will be deemed to constitute representations and warranties under this Agreement, limited as set forth in the applicable provision of this Agreement under which such Schedule is delivered or on the face of such Schedule; provided, however, that the representations and warranties set forth in this Agreement shall not be affected or deemed qualified, modified or limited in any respect by the information provided in the Schedules except to the extent that any qualification, modification or limitation to any representation and warranty is expressly and conspicuously set forth on the face of such particular Schedule.

ARTICLE II

MERGER

2.1 Merger and Surviving Corporation.

(a) Pursuant to the Florida Statute, Acquisition Sub shall merge with and into Target, and Target shall be the surviving corporation after the Merger (the "Surviving Corporation") and shall continue to exist as a corporation created and governed by the laws of Florida. The new name of the merged entities shall be: *Global Music Entertainment Corp.*

(b) The Certificate of Incorporation of the Surviving Corporation, from and after the Effective Time, shall be the Certificate of Incorporation of Target except that the name of the surviving entity shall be *Global Music Entertainment Corp.*

(c) The By-Laws of the Surviving Corporation, from and after the Effective Time, shall be the By-Laws of Target.

2.2 **Effectiveness of Merger.** If all of the conditions precedent to the obligation of each of the Parties hereto as hereinafter set forth shall have been satisfied or shall have been waived, a certificate of merger relating to the Merger (the "Certificate of Merger") shall be delivered as soon as practicable after the Closing to the Secretary of State of the State of Florida for filing in accordance with the Florida Statute. The Merger shall become effective upon the acceptance of such filing by the Secretary of State, or at such later time as is specified in the Certificate of Merger, which effective time shall be the "Effective Time" of the Merger.

2.3 **Shares of the Constituent and Surviving Corporations.** The manner and basis of converting and exchanging the securities of Target and the status of Acquisition Sub's securities shall be as follows:

(a) Subject to the provisions of this Agreement, each share of Common Stock, \$0.001 par value, of Target (the "Target Common Stock") issued and outstanding immediately prior to the Effective Time (other than Target Common Stock to be canceled pursuant to Section 2.3(d) hereof, if

any) shall, by virtue of the Merger and without any action on the part of the holder thereof, be canceled and extinguished and converted into the right to receive, in accordance with Section 2.3(b) hereof, shares of Common Stock of Purchaser (the "Purchaser Common Stock").

(b) Each shareholder of Target shall receive one share of Purchaser's common stock for each and every outstanding share of common stock of Target.

(c) [intentionally omitted]

(d) If any holder of Target Common Stock is entitled to receive fractional shares of Purchaser Common Stock pursuant to the Merger, such holder instead will be entitled to receive (i) one whole share of Purchaser Common Stock in lieu of such fractional share if such holder would have otherwise been entitled to receive or purchase one-half or more of a share of Purchaser Common Stock; and (ii) otherwise such holder shall not be entitled to receive or purchase any additional shares or fractional shares.

(e) Any share of Target Common Stock held in the treasury of Target at the Effective Time shall be canceled and retired, and no shares or other securities of Purchaser or Acquisition Sub shall be issuable with respect thereto.

(f) Each share of Common Stock of Acquisition Sub (the "Acquisition Sub Common Stock") shall be converted into and become one (1) validly issued, fully paid and non-assessable share of Target Common Stock.

(g) Subject to the provisions hereof, each holder of an outstanding certificate or certificates theretofore representing shares of Target Common Stock, and theretofore surrendered by such holder to Purchaser or its transfer agent for cancellation, shall be entitled to receive in exchange therefor (i) as promptly as practicable after the Effective Time, certificates representing that holder's proportionate number of shares of Purchaser Common Stock for each share of Target Common Stock surrendered, as is specified in Section 2.3(b) hereof. If the shares of Purchaser Common Stock (or any portion thereof) are to be delivered to any person other than the person in whose name the certificate or certificates representing the Target Common Stock surrendered in exchange therefor are registered, in addition to any other requirements of applicable law, it shall be a condition to such exchange that the certificate or certificates so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such exchange shall pay to Purchaser or its transfer agent any transfer or other taxes required by reason of the delivery of the Purchaser Common Stock to a person other than the registered holder of the certificate or certificates surrendered, or shall establish to the satisfaction of Purchaser or its transfer agent that such tax has been paid or is not applicable.

(h) The Purchaser Common Stock is being issued hereunder in a private transaction exempt from registration under Section 5 of the Securities Act, and accordingly such shares of Purchaser Common Stock may not be sold or otherwise transferred or disposed of by the holders thereof unless they are registered under the Securities Act or unless an exemption from such registration is available. Accordingly, a restrictive legend will be placed on any instruments,

certificates or other documents evidencing such shares of Purchaser Common Stock in, or substantially in, the following form:

"The securities represented by this certificate have not been registered under the Securities Act of 1933. These securities have been acquired for investment and not for distribution or resale. They may not be sold, assigned, mortgaged, pledged, hypothecated or otherwise transferred or disposed of without an effective registration statement for such securities under the Securities Act of 1933 or an opinion of counsel to the Company that registration is not required under such Act."

(i) Unless and until outstanding certificates representing shares of Target Common Stock prior to the Effective Time shall be surrendered as provided in Section 2.3(f) hereof, dividends and other distributions, if any (including, without limitation, any shares issuable in connection with stock split-ups or other recapitalizations), payable as of any date subsequent to the Effective Time to the holders of record of shares of Purchaser Common Stock shall not be paid to the holders of such certificates, but in the case of each such certificate which shall be so surrendered: (i) there shall be paid, upon such surrender, to the record holder of the certificate for shares of Purchaser Common Stock issued in exchange therefor, the full amount, without any interest thereon, of the dividends and any other distributions (including, without limitation, any shares issued in connection with stock split-ups or other recapitalizations) referred to above which theretofore became payable with respect to the number of shares of Purchaser Common Stock represented by such certificate; and (ii) there shall be paid to such record holder, on the payment date therefor, the amount of any such dividend or other distribution with respect to such number of shares, if the record date for the determination of the stockholders entitled to such dividend or other distribution shall be prior to the surrender of such certificate but the payment date of such dividend shall be subsequent to such surrender.

(j) Promptly after the Effective Time, Purchaser's transfer agent shall mail to each holder of certificates that immediately prior to the Effective Time represented Target Common Stock a form of letter of transmittal and instructions for use in surrendering such certificates and receiving the Purchaser Common Stock in exchange therefor.

(k) No holder of Target Common Stock shall have any of the rights of a stockholder of Purchaser with respect to the Purchaser Common Stock to be issued in the Merger until the Effective Time.

2.4 Effect of Merger.

(a) Except as herein otherwise specifically set forth, the identity, existence, purposes, powers, franchises, rights and immunities of Target shall continue unaffected and unimpaired by the Merger, and the corporate identity, existence, purposes, powers, franchises and immunities of Acquisition Sub shall be merged into Target, and Target, as the Surviving Corporation and a wholly-owned subsidiary of Purchaser, shall be fully vested therewith. The separate existence and corporate

organization of Acquisition Sub (except insofar as they may be continued by statute) shall cease as of the Effective Time.

(b) At the Effective Time:

(i) All rights, privileges, goodwill, franchises and property, real, personal and mixed, and all debts due on whatever account and all other things in action, belonging to Acquisition Sub shall be, and they hereby are, bargained, conveyed, granted, confirmed, transferred, assigned and set over to and vested in Target as the Surviving Corporation by operation of law and without further act or deed, and all property and rights, and all and every other interest of Acquisition Sub shall be the property, rights and interests of Target as the Surviving Corporation as they were of Acquisition Sub;

(ii) No action or proceeding, whether civil or criminal, pending at the Effective Time by or against either Acquisition Sub or Target, or any shareholder, officer or director thereof, shall abate or be discontinued by the Merger, but may be enforced, prosecuted, settled or compromised as if the Merger had not occurred, or the Surviving Corporation may be substituted in such action or proceeding in place of Acquisition Sub; and

(iii) All rights of employees and creditors and all Liens upon the property of Acquisition Sub shall be preserved unimpaired, limited to the property affected by such Liens at the Effective Time, and all the debts, liabilities and duties of Acquisition Sub shall attach to Target as the Surviving Corporation and shall be enforceable against the Surviving Corporation to the same extent as if all such debts, liabilities and duties had been incurred or contracted by it.

2.5 **Further Assurances.** Acquisition Sub agrees that, from time to time, after the Closing, as and when requested by the Surviving Corporation or by its successors and assigns, officers of the Surviving Corporation shall, in the name of Acquisition Sub, execute and deliver, or cause to be executed and delivered, at the sole expense of the Surviving Corporation, all deeds, assignments and other instruments and shall take or cause to be taken all such other and further actions as the Surviving Corporation may deem necessary or appropriate in order more fully to vest in and confirm to the Surviving Corporation title to and possession of all the property, rights, privileges, immunities, powers, purposes, franchises and all and every other interest of Acquisition Sub referred to in Section 2.4 hereof, and otherwise to carry out the intent and purposes of this Agreement.

2.6 **Directors of Surviving Corporation.** The persons comprising the Board of Directors of the Surviving Corporation, who shall hold office from the Effective Time in accordance with its By-Laws until the next annual meeting of shareholders and until their respective successors shall have been elected and shall have qualified, shall be the directors of Target immediately prior to the Effective Time, subject to the terms hereof.

2.7 **Officers of Surviving Corporation.** The officers of the Surviving Corporation, who shall hold office from the Effective Time in accordance with its By-Laws until the next annual meeting of directors and until their respective successors shall have been elected or appointed and shall have

qualified, shall be the officers of Target immediately prior to the Effective Time, subject to the terms hereof.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF TARGET

Target makes the following representations and warranties to Purchaser, each of which shall apply to Target and to each subsidiary of Target. For the purposes of this Article III, each reference to Target shall be deemed to be a reference to Target and each of its Subsidiaries unless the context clearly connotes otherwise. Each of the following representations and warranties shall be deemed material, and Purchaser, in executing, delivering and consummating this Agreement, has relied upon the correctness and completeness, in all material respects, of each of such representations and warranties:

3.1 **Valid Existence; Qualification.** Target is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. Target has the power to carry on its business as now conducted and to own its assets. Target is not required to be so qualified in any other jurisdiction in order to own its assets or carry on its business as now conducted, and there has not been any claim by any other jurisdiction to the effect that Target is required to qualify or otherwise be authorized to do business as a foreign corporation therein. The copies of Target's certificate of Incorporation, as amended to date, , which have been delivered to Purchaser, are true and complete copies of those documents as in effect on the date hereof.

3.2 **Intentionally Deleted.**

3.3 **Consents.** Except as set forth on Schedule 3.3 attached hereto, no consent of any Body or other Person is required to be received by or on the part of Target to enable Target to enter into and carry out this Agreement and the Transaction.

fairly present the financial position of Target as of the Target Balance Sheet Date and the results of their operations for the periods indicated.

3.6 Ownership of Assets: Target has good and marketable title to, all of its assets (the "Assets"). There are no agreements, options, commitments or understandings with, of or to any person to acquire any of the Assets or any rights or interest therein, except for this Transaction.

3.7 No Breach. Neither the execution and delivery of this Agreement nor compliance by Target with any of the provisions hereof nor the consummation of the Transaction will:

(a) violate or conflict with any provision of the Certificate of Incorporation, By-Laws or other organizational document of Target;

(b) violate or conflict with or, alone or with notice or the passage of time, or both, result in the breach or termination of, or otherwise give any party the right to terminate, or declare a Default under, the terms of any Contract to which Target is a party or by which any of them may be bound, or otherwise violate or conflict with any Permit of any Body;

(c) result in the creation of any Lien upon any of the assets of Target;

(d) violate any judgment, order, injunction, decree or award against, or binding upon Target or upon any of the assets of Target; or

(e) violate any law or regulation of any jurisdiction relating to Target or the Business.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser makes the following representations and warranties to Target each of which shall be deemed material, and Target in executing, delivering and consummating this Agreement, has relied upon the correctness and completeness, in all material respects, of each of such representations and warranties:

4.1 Valid Existence; Qualification. Each of Purchaser and Acquisition Sub is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation. Each of Purchaser and Acquisition Sub has the power to carry on its business as now conducted and to own its assets.

4.2 Intentionally Deleted.

4.3 Consents. Except as set forth on Schedule 4.3 attached hereto, no consent of any Body or other Person is required to be received by or on the part of Purchaser or Acquisition Sub to enable Purchaser or Acquisition Sub to enter into and carry out this Agreement and the Transaction.

4.4 **Authority; Binding Nature of Agreement.**

(a) Each of Purchaser and Acquisition Sub respectively has the corporate power and authority to enter into this Agreement and carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by the boards of directors of Purchaser and Acquisition Sub, and Purchaser as the sole shareholder of Acquisition Sub, and no other corporate proceedings on the part of Purchaser or Acquisition Sub are necessary to authorize the execution and delivery of this Agreement and the consummation of the Transaction.

(b) This Agreement constitutes the valid and binding obligation of each of Purchaser and Acquisition Sub and is enforceable against it in accordance with its terms.

4.5 **Financial Statements.** The Purchaser Financial Statements have been reviewed by Target and are in accordance with the Purchaser's books and records and fairly present the financial position of Purchaser.

4.6 **Ownership of Assets.** Purchaser has good and marketable title to, all of its assets (the "Assets"). There are no agreements, options, commitments or understandings with, of or to any person to acquire any of the Assets or any rights or interest therein, except for this Transaction.

4.7 **No Breach.** Neither the execution and delivery of this Agreement nor compliance by Purchaser or Acquisition Sub respectively with any of the provisions hereof, nor the consummation of the Transaction, will:

(a) violate or conflict with any provision of the Certificate of Incorporation or By-Laws of Purchaser or Acquisition Sub;

(b) violate or conflict with, or alone or with notice or the passage of time, or both, result in the breach or termination of, or otherwise give any party the right to terminate, or declare a Default under, the terms of any Contract to which Purchaser is a party or by which it may be bound;

(c) result in the creation of any Lien upon any of the assets of Purchaser;

(d) violate any judgment, order, injunction, decree or award against, or binding upon, Purchaser or upon any of its assets; or

(e) violate any law or regulation of any jurisdiction relating to Purchaser or Acquisition Sub.

ARTICLE V PRE-CLOSING COVENANTS

5.1 **Target Covenants.** Target hereby covenants that, from and after the date hereof and until the Closing or earlier termination of this Agreement:

(a) **Actions Prior to Closing.** Prior to the Closing, Target will not, without the prior written consent of Purchaser:

(i) amend its Certificate of Incorporation or By-Laws.

(b) **Preservation of Business.** Target shall use its best efforts to keep available the services of its present officers, managers, employees and consultants, and to maintain and preserve intact good relationships with customers and lenders, preserve its good will.

(c) **Consents.** Promptly following the execution of this Agreement, Target will use its best efforts to obtain consents of all Bodies and other Persons necessary for the consummation of the transactions contemplated by this Agreement, including without limitation, approval by Target's shareholders of this Agreement and the Transaction.

(d) **Target Shareholder Approval.** Target shall secure an agreement from its shareholders owning in the aggregate at least 51% of its voting stock (which percentage is sufficient, to approve this Agreement and the Transaction) to vote their respective shares of Target Common Stock to approve this Agreement and the Transaction.

5.2 **Purchaser Covenants.** Purchaser hereby covenants that, from and after the date hereof and until the Closing or earlier termination of this Agreement:

(a) amend its Certificate of Incorporation and/or By-Laws;

(b) **Preservation of Business.** Except as contemplated by this Agreement, Purchaser will use its best efforts to preserve intact its business organization and preserve its goodwill.

(c) **Consents.** Promptly following the execution of this Agreement, Purchaser will use its best efforts to obtain consents of all Bodies and other Persons necessary for the consummation by Purchaser and Acquisition Sub of the Transaction.

(f) **Purchaser Board of Directors.** At or prior to the Closing, effective as of the Effective Time, Purchaser shall name the following individual to the Board of Directors.

ALEX AKSERT

ARTICLE VI

CONDITIONS PRECEDENT TO THE OBLIGATION OF PURCHASER TO CLOSE

The obligation of Purchaser to consummate the Transaction is subject to the fulfillment, prior to or at the Closing, of each of the following conditions, any one or more of which may be waived by Purchaser (except when the fulfillment of such condition is a requirement of law):

6.1 **Representations and Warranties.** All representations and warranties of Target contained in this Agreement and in any written statement (including financial statements), exhibit, certificate, schedule or other document delivered pursuant hereto shall be true and correct in all material respects (except to the extent that any such representation and warranty is already qualified as to materiality, in which case such representation and warranty shall be true and correct without further qualification) as at the Closing Date, as if made at the Closing and as of the Closing Date.

6.2 **Covenants.** Target shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it prior to or at the Closing.

6.3 **No Actions.** No Action shall have been instituted by a Person other than a Party, directly or indirectly, and be continuing before a court or before or by any Body, or shall have been threatened and be unresolved, to restrain or prevent, or obtain any material amount of damages in respect of, the carrying out of the Transaction, or which might have a Material Adverse Effect thereon.

6.4 **Consents; Permits.** Target and Purchaser shall have obtained all consents, approvals, licenses and other Permits of Bodies and other Persons necessary for the performance by each of them of all of their respective obligations under this Agreement.

6.5 **Corporate Actions.** All actions necessary to authorize the execution, delivery and performance of this Agreement by Target and the consummation of the Transaction shall have been duly and validly taken (including, without limitation, approval of the Transaction by Target's shareholders), and Target shall have full power and right to consummate the Transaction.

ARTICLE VII

CONDITIONS PRECEDENT TO THE OBLIGATION OF TARGET TO CLOSE

The obligation of Target to consummate the Transaction is subject to the fulfillment, prior to or at the Closing, of each of the following conditions, any one or more of which may be waived by Target (except when the fulfillment of such condition is a requirement of law):

7.1 **Representations and Warranties.** All representations and warranties of Purchaser contained in this Agreement and in any written statement (including financial statements), exhibit,

certificate, schedule or other document delivered pursuant hereto shall be true and correct in all material respects (except to the extent that any such representation and warranty is already qualified as to materiality, in which case such representation and warranty shall be true and correct without further qualification) as at the Closing Date, as if made at the Closing and as of the Closing Date.

7.2 **Covenants**. Purchaser shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it prior to or at the Closing.

7.3 **No Actions**. No Action shall have been instituted by a Person other than a Party, directly or indirectly, and be continuing before a court or before or by a Body, or shall have been threatened and be unresolved, to restrain or prevent, or obtain any material amount of damages in respect of, the carrying out of the Transaction.

7.4 **Consents; Permits**. Purchaser shall have obtained all consents, licenses and other Permits of Bodies and other Persons necessary for the performance by Purchaser of all of its obligations under this Agreement, and such other consents, if any, to prevent the occurrence of a Default under any Contract to which Purchaser is a party or otherwise bound.

7.5 **Corporate Actions**. All actions necessary to authorize the execution, delivery and performance of this Agreement by Purchaser and the consummation of the Transaction shall have been duly and validly taken (including, without limitation, shareholders' approval, if necessary), and Purchaser shall have full power and right to consummate the Transaction.

7.8 **Directors**. Effective as of the Effective Time, Purchaser's Board of Directors shall include:

ALEX AKSERT

ARTICLE VIII

TERMINATION AND WAIVER; LIQUIDATED DAMAGES

8.1 **Termination**. Anything herein or elsewhere to the contrary notwithstanding, this Agreement may be terminated and the Transaction may be abandoned at any time prior to the Closing:

(a) By mutual written consent of Purchaser and Target;

(b) By Purchaser if any of the conditions set forth in Article VI hereof shall not have been fulfilled or shall become incapable of fulfillment, in each case except as such shall have been the result, directly or indirectly, of any action or inaction by Purchaser, and shall not have been waived; or

(c) By Target if any of the conditions set forth in Article VII hereof shall not have been fulfilled or shall have become incapable of fulfillment, in each case except as such shall have been the result, directly or indirectly, of any action or inaction by Target, and shall not have been waived.

If this Agreement is terminated as described above, this Agreement shall be of no further force and effect, without any liability or obligation on the part of any of the parties except for any liability which may arise pursuant to Sections 13.1 and 13.2 hereof or as a result of a Party's willful failure to consummate the Transaction or for any breach of any representation, warranty or covenant herein.

8.2 Waiver. Any condition to the performance of the Parties which legally may be waived on or prior to the Closing Date may be waived at any time by the Party entitled to the benefit thereof by action taken or authorized by an instrument in writing executed by the relevant Party or Parties.

ARTICLE IX

CLOSING

9.1 Location; Date. The closing of the Transaction (the "Closing") shall take place at such place and time as agreed to by the respective parties.

ARTICLE X

POST-CLOSING MATTERS

10.1 Further Assurances. On and after the Closing Date, the Parties shall take all such further actions and execute and deliver all such further instruments and documents as may be necessary or appropriate to carry out the Transaction.

ARTICLE XI

SURVIVAL OF REPRESENTATIONS

11.1 Survival. The parties agree that their respective representations and warranties contained in this Agreement shall survive the Closing for a period of one (1) year.

11.2 Arbitration.

(a) All disputes under this Article XI shall be settled by binding arbitration pursuant to the rules of the American Arbitration Association. Arbitration may be commenced at any time by any Party hereto giving written notice to each other Party to a dispute of its demand for arbitration, which demand shall set forth the name and address of its arbitrator. Within twenty (20) days of such notice, the other Party shall select its arbitrator and so notify the demanding Party. Within twenty (20) days thereafter, the two arbitrators so selected shall select the third arbitrator. In default of either side naming its arbitrator as aforesaid or in default of the selection of the third arbitrator as aforesaid, the American Arbitration Association shall designate such arbitrator upon the application of either party. If before Closing, or in the absence of Closing, the arbitration proceeding shall take

place in East Meadow, New York or such other location as agreed by the Parties. If after the Closing, the arbitration proceeding shall take place in Suffolk County, New York or such other location as agreed to by the Parties. The dispute shall be heard by the arbitrators within thirty (30) days after selection of the third arbitrator. The decision of the arbitrators shall be rendered within thirty (30) days after the hearing. Each Party shall pay its own expenses of arbitration and the expenses of the arbitrators shall be equally shared; provided, however, that if, in the opinion of the majority of the arbitrators, any claim for indemnification or any defense or objection thereto was unreasonable, the arbitrators may assess, as part of their award, all or any part of the arbitration expenses of the other Party (including reasonable attorneys' fees) and of the arbitrators against the Party raising such unreasonable claim, defense or objection.

ARTICLE XII

[intentionally omitted]

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.1 **Entire Agreement.** This Agreement, including the schedules and exhibits attached hereto, which are a part hereof, constitutes the entire agreement of the Parties with respect to the subject matter hereof. The representations, warranties, covenants and agreements set forth in this Agreement and in the financial statements, schedules or exhibits delivered pursuant hereto constitute all the representations, warranties, covenants and agreements of the Parties and upon which the Parties have relied, shall not be deemed waived or otherwise affected by any investigation made by any party hereto and, except as may be specifically provided herein, no change, modification, amendment, addition or termination of this Agreement or any part thereof shall be valid unless in writing and signed by or on behalf of the party to be charged therewith.

13.2 **Choice of Law; Severability.** This Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the State of Florida, excluding choice-of-law principles thereof. In the event any clause, section or part of this Agreement shall be held or declared to be void, illegal or invalid for any reason, all other clauses, sections or parts of this Agreement which can be effected without such void, illegal or invalid clause, section or part shall nevertheless continue in full force and effect.

13.3 **Successors and Assigns; No Assignment.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided, however, that neither Target nor Purchaser may assign any of its respective rights or delegate any of its respective duties under this Agreement without the prior written consent of the other.