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P98000067572

January 28, 1999

Secretary of State
Division of Corporations
State of Florida
409 East Gainesville
Tallahassee, FL 32399

800002759548--9
-01/29/99--01105--002
*****70.00 *****70.00

Re: Merger of ImageAnalysis Corp. (Florida) into Image Analysis, Inc.(Oklahoma)

Gentlemen:

Enclosed herewith are 3 copies of the Certificate of Merger as filed with the Secretary of State of Oklahoma in which ImageAnalysis Corp., a Florida corporation, merged into Image Analysis, Inc., an Oklahoma corporation, with the Oklahoma corporation being the surviving corporation. Also enclosed for your information is a copy of the Agreement and Plan of Merger as executed by the parties. I also enclose the \$70.00 filing fee, \$35 for each constituent corporation which is a party to the Merger. Please file the Certificate of Merger and return them to me a file stamped copy in the enclosed self-addressed envelope. If you have any questions, please call me as soon as possible.

Very truly yours,

Frederick K. Slicker

Frederick K. Slicker

FKS/dmp
Enclosures

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Merger
P98000067572
3085
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ARTICLES OF MERGER
Merger Sheet

MERGING:

IMAGEANALYSIS CORPORATION, document #P98000067572, a Florida corporation.

INTO

IMAGE ANALYSIS, INC., an Oklahoma corporation not qualified in Florida.

File date: January 29, 1999

Corporate Specialist: Carol Mustain

CERTIFICATE OF MERGER

TO THE SECRETARY OF STATE OF THE STATE OF OKLAHOMA, 101 State Capitol Bldg., Oklahoma City, Oklahoma, 73105.

This Certificate of Merger is being filed pursuant to Section 1082 of the Oklahoma General Corporation Act. In lieu of filing an executed Agreement and Plan of Merger, the Surviving Corporation hereby states and certifies as follows:

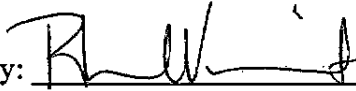
1. The names and states of incorporation of each of the Constituent Corporations are:

<u>NAME OF CORPORATION</u>	<u>STATE OF INCORPORATION</u>
Image Analysis, Inc.	Oklahoma
Image Analysis Corp.	Florida
2. An Agreement and Plan of Merger has been approved, adopted, certified, executed and acknowledged by each Constituent Corporation, in accordance with the provisions of Section 1082 of Title 18 of the Oklahoma Statutes and Section 601.1107 of the Corporation Laws of Florida.
3. The name of the Surviving Corporation is Image Analysis, Inc., an Oklahoma corporation.
4. The Certificate of Incorporation of the Surviving Corporation is not being changed by reason of the Merger.
5. The executed Agreement and Plan of Merger is on file at the principal place of business of the Surviving Corporation at 8908 S. Yale, Suite 409, Tulsa, Oklahoma, 74137-3545.
6. A copy of the Agreement and Plan of Merger will be furnished on request and without cost to any shareholder of any Constituent Corporation.
7. The authorized capital of Image Analysis Corp. is 10,000,000 shares of common stock, par value \$.001 per share, and all shares are issued and outstanding voted for the Merger.

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SECRETARY OF STATE
TULSA, OKLAHOMA

IN WITNESS WHEREOF, the Surviving Corporation has caused this Certificate of Merger to be executed by its Vice President and attested by its Secretary, this 28th day of January, 1999.

IMAGE ANALYSIS, INC.

By: 
Rhonda Vincent, Vice President

ATTEST:

By: 
Rhonda Vincent, Secretary

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Amendment No. 1
to that certain
Agreement and Plan of Merger
by and among
ImageAnalysis Corp. (Florida)
Image Analysis, Inc. (Oklahoma),
and
UTEK, LLC

This is Amendment No. 1 is executed and effective January 28, 1999 to that certain Agreement and Plan of Merger ("Agreement") dated October 14, 1998 by and among Image Analysis, Inc., an Oklahoma corporation ("Image-OK") and ImageAnalysis Corp., a Florida corporation ("Image-FL").

For other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Paragraph 1.02 (i) is amended by deleting every thing after the colon and adding the following in substitution therefor:

"Of the 540,000 shares of the Surviving Corporation to be issued at the Closing, UTEK shall receive 579,300 shares (92.7 % of the total 900,000 shares to be issued to UTEK and its designees) and the University of South Florida shall receive 20,700 shares (2.3% of the total 900,000 shares issuable to UTEK and its designees). The parties agree that the fair market value of these 600,000 shares is \$.001 per share."

Further, all references throughout the Agreement to 600,000 shares to be issued by the Surviving Corporation are changed to 540,000 shares.

2. Paragraph 1.08 is amended to delete everything after "local time" and to substitute in lieu thereof the following: "on January 28, 1999 ("Closing").
3. Paragraph 2.02 (c) is amended to delete the number "5,000,000 and to substitute therefor the number "5,400,000"; and Paragraph 2.02 (i) is amended to add "Except as set forth herein..." at the beginning of each sentence therein and to add following sentence at the end:

"In order to consummate the Merger, Image-OK has paid \$100,000 to Brenau University at the Closing \$100,000 and has agreed to pay \$240,000 to Brenau University and \$55,000 to UTEK on or before May 31, 1999,"

4. Article IV (v) is deleted and the following is substituted therefor: "Image OK shall pay \$100,000 by corporate check on or before February 1, 1999."
5. All references to the Research Agreement by and between Brenau University and Image-FL are amended to include Amendment No. 1 dated January 28, 1999 to that Research Agreement.
6. The parties agree that the Closing occurred on January 28, 1999 and the Merger became effective on February 1, 1999 with the filing of the Certificate of Merger with the Secretary of State of Oklahoma.
7. All references to UTEK Corporation in the Agreement are changed to "UTEK, LLC."

IN WITNESS WHEREOF, the parties have caused this Amendment No. 1 to be executed by its duly authorized representative the 28th day of January, 1999.

IMAGE ANALYSIS, INC.
An Oklahoma corporation

By 
Rhonda Vincent, Vice President

IMAGE ANALYSIS CORP.
A Florida corporation

By 
Dr. Clifford M. Gross, President

UTEK, LLC

By 
Dr. Clifford M. Gross, CEO

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger ("Agreement") is entered into by and between Image Analysis, Inc., an Oklahoma corporation ("Image OK"), Image Analysis Corp., a Florida corporation ("Image FL"), and UTEK Corporation, a Florida corporation ("UTEK").

WHEREAS, UTEK is the majority shareholder of Image FL; and

WHEREAS, Image FL owns exclusive worldwide right, title and interest to manufacture and market a proprietary device that colors the image produced by MRIs ("Invention") covered by various patents and patent applications pending ("Patents") listed in Schedule 1; and

WHEREAS, Image OK intends to establish a public market for its stock on the NASDAQ Bulletin Board in order to attract new capital for the development, testing and distribution of the Invention; and

WHEREAS, the parties desire to provide for the terms and conditions upon which Image FL will merge into Image OK in a statutory merger ("Merger") in accordance with 18 Oklahoma Statutes Section 1082 of the Oklahoma General Business Corporation Act ("Oklahoma Act") and Section 607.1107 of the Corporation Law of Florida ("Florida Act"), upon consummation of which the assets and business of Image FL will be owned by Image OK, all liabilities and obligations of Image FL will become the liabilities and obligations of Image OK, and all issued and outstanding shares of capital stock of Image FL will be exchanged for common stock of Image OK; and

WHEREAS, for federal income tax purposes, it is intended that the merger qualify as a tax-free reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended ("Code").

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I THE MERGER

1.01. The Merger

(a) Agreement to Merge. Subject to the terms and conditions of this Agreement, at the Effective Time, as defined below, Image FL shall be merged with and into Image OK in accordance with the provisions of this Agreement and the Oklahoma Act; the separate corporate existence of Image FL shall cease; and Image OK shall continue as the surviving corporation ("Surviving Corporation"). The constituent corporations ("Constituent

Corporations”) to the Merger are Image OK and Image FL. The name of the Surviving Corporation, Image Analysis, Inc., shall not be changed by reason of the Merger

(b) Effective Time. The Merger shall become effective (“Effective Time”) upon filing of a Certificate of Merger substantially in the form attached as Exhibit A (“Certificate of Merger”) with the Secretary of State of the State of Oklahoma in accordance with applicable provisions of the Oklahoma Act.

(c) Appointment of Service Agent. Image OK hereby irrevocably appoints the Secretary of State of the State of Florida as its agent to accept process in Florida in any proceeding for the enforcement of any obligation of any Constituent Corporation in Florida as well as for the enforcement of any obligation of the Surviving Corporation arising from or by reason of the Merger, including any suit or other proceeding to enforce appraisal rights of any shareholder of Image FL. Image OK designates that all such process received shall be sent to Image OK at 8908 South Yale, Suite 409, Tulsa, Oklahoma 74137-3545.

(d) Effect of the Merger. At the Effective Time, all rights, powers, privileges, franchises, licenses and permits of the Constituent Corporations and all property, real, personal and mixed, shall be vested in the Surviving Corporation; and all debts, duties, liabilities and claims of every kind, character and description of the Constituent Corporations shall be debts, duties, liabilities and claims of the Surviving Corporation and may be enforced against the Surviving corporation to the same extent as if such debts, duties, liabilities and claims had been incurred by it originally. All rights of creditors of the Constituent Corporations and all liens upon property of any Constituent Corporation shall be preserved unimpaired and shall not be altered in any way by reason of the Merger.

1.02. Conversion of Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the shareholders of the Constituent Corporations:

(i) Each of the 10,000,000 shares of Image FL that are issued and outstanding at the Effective Time shall be converted into 600,000 shares of common stock of the Surviving Corporation issued which by agreement of the shareholders of Image FL shall be issued as follows: 577,000 shares to UTEK and 23,000 shares to the University of South Florida. The parties agree that the agreed fair market value of Image OK common stock is \$.001 per share; and

(ii) All issued and outstanding options, warrants or other rights to acquire common stock of Image FL at the Effective Time shall be reason of the Merger and without action on the part of the holders thereof be automatically canceled for all purposes; and

(iii) Each share of common stock of Image OK issued and outstanding at the Effective Time shall remain issued and outstanding as one share of common stock of the Surviving Corporation.

1.03. Effect of Merger.

(a) Rights in Image FL Cease. At and after the Effective Time, the holder of each certificate of common stock of Image FL shall cease to have any rights as a shareholder of Image FL. All dividends or other distributions with respect to Image FL common stock prior to the Effective Time shall be payable to the shareholders of Image FL without interest upon surrender of certificates representing Image FL common stock.

(b) Closure of Image FL Stock Records. From and after the Effective Time, the stock transfer books of Image FL shall be closed, and there shall be no further registration of stock transfers on the records of Image FL.

1.04. Certificate of Incorporation of the Surviving Corporation. The Certificate of Incorporation of the Surviving Corporation shall not be changed by reason of the Merger.

1.05. Bylaws of the Surviving Corporation. The Bylaws of the Surviving Corporation shall not be changed by reason of the Merger.

1.06. Directors of the Surviving Corporation. The directors of the Surviving Corporation immediately after the Effective Time shall be the persons named in Exhibit B until each of their respective successors is duly elected and qualified.

1.07. Officers of the Surviving Corporation. The officers of the Surviving Corporation immediately after the Effective Time shall be the persons set forth in Exhibit B until each of their respective successors is duly elected and qualified.

1.08. Closing. The Closing of the Merger shall take place at the offices of Frederick K. Slicker, 8908 S. Yale, Suite 410, Tulsa, Oklahoma 74137-3545 at 5:00 p.m. local time on a mutually agreed date on or before January 23, 1999, 120 days after the date on which the Research Agreement between Image FL and Brenau University was signed, or on an earlier date as the parties mutually agree ("Closing Date").

ARTICLE II
REPRESENTATIONS AND WARRANTIES

2.01. General Representations and Warranties of UTEK. UTEK represents and warrants to Image OK that the facts set forth below are true and correct:

(a) Organization. Image FL is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida, is qualified to do business as a foreign corporation in each other jurisdiction in which the conduct of its business or the

ownership of its properties require such qualification, and has all requisite power and authority to conduct its business and operate properties.

(b) Authorization. The execution of this Agreement and the consummation of the Merger and the other transactions contemplated hereby have been duly authorized by the Board of Directors and shareholders of Image FL; no other corporate action on its part is necessary in order to execute, deliver, consummate and perform its obligations hereunder; and it has all requisite corporate and other authority to execute and deliver this Agreement and consummate the transactions contemplated hereby.

(c) Capitalization. The authorized capital of Image FL consists of 10,000,000 shares of common stock, par value \$.001 per share; at the date hereof, 10,000,000 shares of its common stock were issued and outstanding with 9,770,000 shares owned by UTEK and 230,000 shares owned by the University of South Florida; and no shares were held in its treasury. All issued and outstanding shares of common stock of Image FL have been duly and validly issued and are fully paid and non-assessable shares and have not been issued in violation of any preemptive or other rights of any other person or any applicable laws. There are no outstanding options, warrants, commitments, calls or other rights or agreements requiring it to issue any shares of Image FL common stock or securities convertible into shares of its common stock to anyone for any reason whatsoever.

(d) Binding Effect. The execution, delivery, performance and consummation of the Merger and the transactions contemplated hereby will not violate any obligation to which Image FL is a party and will not create a default hereunder; and this Agreement constitutes a legal, valid and binding obligation of Image FL, enforceable in accordance with its terms, except as the enforcement may be limited by bankruptcy, insolvency, moratorium, or similar laws affecting creditor's rights generally and by the availability of injunctive relief, specific performance or other equitable remedies.

(e) Litigation Relating to this Agreement. There are no suits, actions or proceedings pending or to its knowledge threatened which seek to enjoin the Merger or the transactions contemplated by this Agreement or which, if adversely decided, would have a materially adverse effect on the business, results of operations, assets, prospects, the Patents, the License, or the results of the operations of Image FL.

(f) No Conflicting Agreements. Neither the execution and delivery of this Agreement nor the fulfillment of or compliance by Image FL with the terms or provisions thereof will result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in a violation of, its corporate charter or bylaws, the Patents, the License (as defined below), any agreement, contract, instrument, order, judgment or decree to which it is a party or by which it or any of the assets is bound, or violate any provision of any applicable law, rule or regulation or any order, decree, writ or injunction of any court or governmental entity which materially affects its assets or business.

(g) Consents. No consent from or approval of any court, governmental entity or any other person is necessary in connection with execution and delivery of this Agreement by Image FL and performance of the obligations of Image FL hereunder or under any other agreement to which Image FL is a party; and the consummation of the transactions contemplated by this Agreement will not require the approval of any entity or person in order to prevent the termination of the Patents, the License, or any other material right, privilege, license or agreement relating to Image FL or its assets or business.

(h) Title to Its Assets. Image FL has good and marketable title to its assets (tangible and intangible), free and clear of all liens, claims, charges, mortgages, options, restrictions, security agreements and other encumbrances of every kind or nature whatsoever.

(i) The Patents and the License.

- (1) To the knowledge of UTEK and Image FL, the Patents are valid and are in full force and effect to the extent the Patents have been granted; the Patent applications which are pending are being prosecuted in good faith with diligence; and UTEK nor Image FL has any reason to believe that these applications will not be granted; and
- (2) To the knowledge of UTEK and Image FL, the Invention covering the use of colorization of MRI images do not and will not infringe the intellectual or other rights of another. This representation and warranty is not a representation or warranty that there are no infringing intellectual rights of any other, but is a representation and warranty only that neither Image FL nor UTEK has any knowledge thereof; and Image OK acknowledges that neither UTEK nor Image FL has conducted an independent investigation to determine whether the Invention infringes the rights of any other party or that the Invention itself is marketable; and
- (3) The Invention is owned by the University of South Florida Research Foundation, Inc., a Florida not-for-profit corporation ("USFRF"), and USFRF has all right, power, authority and ownership and entitlement to file Patents listed in Schedule 1 hereto; and
- (4) Dr. Keith Brown is the only Inventor of the Invention; and he has assigned his rights in the Invention to the University of South Florida ("USF"); and
- (5) The exclusive, worldwide License Agreement ("License") dated September 30, 1998 by and between Image FL and USFRF covering

the Invention is legal, valid, binding and enforceable in accordance with its terms; and

- (6) All of the tangible assets of Image FL have been operated in accordance with customary operating practices generally acceptable in its industry to which and have been maintained and are in good working order and repair in the ordinary course of business, subject only to reasonable and ordinary wear and tear; and
- (7) The sponsored Research Agreement dated September 24, 1998 with the Brenau University relating to the Invention is in full force and effect and is valid and enforceable in accordance with their terms.

(j) Assets and Liabilities of Image FL. Image FL has no assets, no liabilities of any kind, character or description except those created by the License Agreement as follows:

- (i) Initial License fee of \$0 payable to the USFRF on or before January 23, 1999 and the royalty amount not to exceed 6% (5% to USFRF and 1% to Brenau University) as set forth in its License Agreement with Image FL as amended; and
- (ii) Sponsored Research Fee of \$340,400 payable to Brenau University on or before January 23, 1999; and
- (iii) Consulting obligation to UTEK for \$55,000 for services to be rendered by UTEK during the 12 months after the Closing.

All attorneys' fees and expenses relating to the filing and the prosecution of the Patents and the Patent applications pending which were incurred prior to September 30, 1998 have been paid in full and there shall be no reimbursement therefor. There are no outstanding obligations or liabilities of Image FL except as specifically set forth in the Image FL financial statements, including the obligation to maintain the Patents from and after September 30, 1998, the date of the License Agreement, or in a schedule attached hereto and specifically agreed to by Image OK. In the event Dr. Brown ceases to be employed by Brenau University prior to the closing and becomes employed by another qualified institution eligible to accept sponsored research funds, it shall be a condition to closing that the new institution agree to continue the sponsored research relating to the Invention in accordance with an agreement acceptable to Image OK.

(k) Taxes. All returns, reports, statements and other similar filings required to be filed by it with respect to any federal, state, local or foreign taxes, assessments, interests, penalties, deficiencies, fees and other governmental charges or impositions have been timely filed with the appropriate governmental agencies in all jurisdictions in which such tax returns

are required to be filed; all such tax returns properly reflect all liabilities of it for taxes for the periods, property or events covered thereby; and all taxes, whether or not reflected on those tax returns, and all taxes claimed to be due from it by any taxing authority, have been properly paid, except to the extent reflected on Schedule 2.01(k) where Image FL has contested in good faith by appropriate proceedings and reserves have been established on its financial statements to the full extent if the contest is adversely decided against it. Image FL has not received any notice of assessment or proposed assessment in connection with any tax returns, Image FL has not extended or waived the application of any statute of limitations of any jurisdiction regarding the assessment or collection of any taxes. There are no tax liens (other than any lien which arises by operation of law for current taxes not yet due and payable) on any of its assets. There is no basis for any additional assessment of taxes, interest or penalties. Image FL has made all deposits required by law to be made with respect to employees' withholding and other employment taxes, including without limitation the portion of such deposits relating to taxes imposed upon it.

(l) Absence of Certain Changes or Events. Image FL has not, and without the written consent of Image OK, and it will not have:

- (i) Sold, encumbered, assigned or transferred any of its material assets or its interest in the Patents, the License Agreements or any other material asset; or
- (ii) Amended or terminated the License; or
- (iii) Suffered any material damage, destruction or loss; or
- (iv) Received notice or had knowledge of any material adverse effect on the Patents or the License or any other material asset or liability; or
- (v) Made any commitments or agreements for capital expenditures or otherwise; or
- (vi) Entered into any transaction or made any commitment not disclosed to Image OK; or
- (vii) Agreed to take any of the actions set forth in this paragraph.

(m) Material Contracts. A complete and accurate copy of all material agreements, contracts and commitments of the following types, whether written or oral to which it is a party or is bound, has been provided to Image OK and such agreements are in full force and effect without amendment.

(i) There are no outstanding unpaid promissory notes, mortgages, indentures, deeds of trust, security agreements and other agreements and instruments relating to the borrowing of money by or any extension of credit to it; and

(ii) There are no outstanding operating agreements and lease agreements; and

(iii) The complete License Agreement and the Patents and the Patent applications pending with all schedules, exhibits and amendments related thereto and all material correspondence with the patent authorities relating thereto; and

(iv) There are no outstanding licenses to or from others of any intellectual property and trade names; and

(v) There are no outstanding contracts or commitments to sell, lease or otherwise dispose of any of its property; and

(vi) The Sponsored Research Agreements with USF and Brenau University and all revisions and amendments thereto.

(n) Compliance with Laws. Image FL is in compliance with all applicable laws, rules, regulations and orders promulgated by any federal, state or local governmental body or agency relating to its business and operations. Image FL owns all franchises, licenses, permits, easements, rights, applications, filings, registration and other authorizations which are necessary for it to conduct business, all of which are valid and in full force and effect, and it is in full compliance therewith.

(o) Litigation. There is no suit, action or any arbitration, administrative, legal or other proceeding of any kind or character, or any governmental investigation pending or threatened against it or the Patents affecting its assets or business, and there is no factual basis therefor. There are no pending or threatened actions or proceedings before any court, arbitrator or administrative agency which would, if adversely determined, individually or in the aggregate, materially and adversely affect its assets or business.

(p) Employees. Image FL has no employees. Image FL is not a party to or bound by any employment agreement or any collective bargaining agreement with respect to any of the employees.

(q) Employee Benefit Plans. There are no employee benefit plans in effect, and there are no outstanding or unfunded liabilities to employees of Image FL.

(r) Books and Records. The books and records of Image FL are complete and accurate in all material respects, fairly present its business and operations, have been maintained in accordance with good business practices, and accurately reflect in all material respects its business, financial condition and liabilities.

(s) No Broker's Fees. Neither UTEK nor Image FL has incurred any finder's, broker's, investment banking, financial, advisory or other similar fees or obligations.

(t) Full Disclosure. All representations or warranties of UTEK and Image FL are true, correct and complete in all material respects on the date hereof and shall be true, correct and complete in all material respects as of the Closing as if they were made on such date. No statement made by either UTEK or Image FL herein or in the exhibits hereto or any document delivered by UTEK or Image FL or on its behalf pursuant to this Agreement contains an untrue statement of material fact or omits to state all material facts necessary to make the statements therein not misleading in any material respect.

(u) Offering Memorandum. The draft Image OK Private Offering Memorandum to be used in connection the issuance of shares of common stock of Image OK under Rule 504 of SEC Regulation is true and correct as it relates to the information relating to UTEK, the Invention, the Patents and the sponsored Research Agreement.

2.02. General Representations and Warranties of Image OK. Image OK represents and warrants to UTEK that the facts set forth are true and correct:

(a) Organization. Image OK is a corporation duly organized, validly existing and in good standing under the laws of the State of Oklahoma, is qualified to do business as a foreign corporation in each other jurisdiction in which the conduct of its business or the ownership of its properties require such qualification, and has all requisite power and authority to conduct its business and operate properties.

(b) Authorization. The execution of this Agreement and the consummation of the Merger and the other transactions contemplated hereby have been duly authorized by the Board of Directors and Shareholders of Image OK; no other corporate action on its part is necessary in order to execute, deliver, consummate and perform its obligations hereunder; and it has all requisite corporate and other authority to execute and deliver this Agreement and consummate the transactions contemplated hereby.

(c) Capitalization. The authorized capital of Image OK consists of 45,000,000 shares of common stock, par value \$.001 per share; and at the Effective Time of the Merger, up to 5,000,000 shares of its common stock will be issued and outstanding immediately after the Effective Time. All issued and outstanding shares of common stock of Image OK have been duly and validly issued and are fully paid and non-assessable shares and have not been issued in violation of any preemptive or other rights of any other person or any applicable

laws. There will be no outstanding options, warrants, commitments, calls or other rights or agreements requiring it to issue any shares of Image OK common stock or securities convertible into shares of its common stock to anyone for any reason whatsoever immediately after the Effective Time.

(d) Binding Effect. The execution, delivery, performance and consummation of the Merger and the transactions contemplated hereby will not violate any obligation to which Image OK is a party and will not create a default hereunder; and this Agreement constitutes a legal, valid and binding obligation of Image OK, enforceable in accordance with its terms, except as the enforcement may be limited by bankruptcy, insolvency, moratorium, or similar laws affecting creditor's rights generally and by the availability of injunctive relief, specific performance or other equitable remedies.

(e) Litigation Relating to this Agreement. There are no suits, actions or proceedings pending or to its knowledge threatened which seek to enjoin the Merger or the transactions contemplated by this Agreement or which, if adversely decided, would have a materially adverse effect on its business, results of operations, assets, prospects or the results of its operations of Image OK.

(f) No Conflicting Agreements. Neither the execution and delivery of this Agreement nor the fulfillment of or compliance by Image OK with the terms or provisions thereof will result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in a violation of, its corporate charter or bylaws, or any agreement, contract, instrument, order, judgment or decree to which it is a party or by which it or any of the assets is bound, or violate any provision of any applicable law, rule or regulation or any order, decree, writ or injunction of any court or governmental entity which materially affects its assets or business.

(g) Consents. No consent from or approval of any court, governmental entity or any other person is necessary in connection with its execution and delivery of this Agreement and performance of the obligations of Image OK hereunder or under any other agreement to which Image OK is a party; and the consummation of the transactions contemplated by this Agreement will not require the approval of any entity or person in order to prevent the termination of any material right, privilege, license or agreement relating to Image OK or its assets or business.

(h) Title to Its Assets. Image OK has good and marketable title to its assets (tangible and intangible), free and clear of all charges, claims, liens, mortgages, options, restrictions, security agreements and other encumbrances of every kind or nature whatsoever.

(i) Condition of Its Tangible Assets. All of its tangible assets have been operated in accordance with customary operating practices generally acceptable in its industry to

which and have been maintained and are in good working order and repair in the ordinary course of business, subject only to reasonable and ordinary wear and tear.

(j) Financial Statements. The unaudited financial statements of Image OK attached as Schedule 2.02 (j) present fairly its financial position and the results of its operations on the dates and for the periods shown therein; provided, however, that interim financial statements are subject to customary year-end adjustments and accruals that, in the aggregate, will not have a material adverse effect on the overall financial condition or results of its operations. Image OK has not engaged in any business not reflected in its financial statements. There have been no material adverse changes in the nature of its business, prospects, the value of assets or the financial condition since the date of its financial statements.

(k) Taxes. All returns, reports, statements and other similar filings required to be filed by it with respect to any federal, state, local or foreign taxes, assessments, interests, penalties, deficiencies, fees and other governmental charges or impositions have been timely filed with the appropriate governmental agencies in all jurisdictions in which such tax returns are required to be filed; all such tax returns properly reflect all liabilities of it for taxes for the periods, property or events covered thereby; and all taxes, whether or not reflected on those tax returns, and all taxes claimed to be due from it by any taxing authority, have been properly paid, except to the extent it has contested in good faith by appropriate proceedings and adequate reserves have been established on its financial statements to the full extent if the contest is adversely decided against it. Image OK has not received any notice of assessment or proposed assessment in connection with any tax returns. Image OK has not extended or waived the application of any statute of limitations of any jurisdiction regarding the assessment or collection of any taxes. There are no tax liens (other than any lien which arises by operation of law for current taxes not yet due and payable) on any of its assets. Image OK has no knowledge of any basis for any additional assessment of taxes. Image OK has made all deposits required by law to be made with respect to employees' withholding and other employment taxes, including without limitation the portion of such deposits relating to taxes imposed upon it.

(l) Absence of Certain Changes or Events. Image OK has not and, without the written consent of Image FL, it will not have:

- (i) Sold, encumbered, assigned or transferred any of its material assets for less than fair consideration; or
- (ii) Amended or terminated any material agreement; or
- (iii) Suffered any material damage, destruction or loss; or

- (iv) Received notice or had knowledge of any material adverse effect on its material assets; or
- (v) Made any commitments or agreements for capital expenditures; or
- (vi) Entered into any transaction other than in the ordinary course of business consistent with past practice; or
- (vii) Agreed to take any of the actions set forth in this paragraph.

(m) Material Contracts. A complete and accurate copy of all material agreements, contracts and commitments of the following types, whether written or oral to which it is a party or is bound, has been provided to Image FL:

- (i) All material promissory notes, mortgages, indentures, deeds of trust, security agreements and other agreements and instruments relating to the borrowing of money by or any extension of credit to it; and
- (ii) All material operating agreements and lease agreements; and
- (iii) All material licenses to or from others of any intellectual property and trade names;

(n) Compliance with Laws. Image OK is in compliance with all applicable laws, rules, regulations and orders promulgated by any federal, state or local governmental body or agency relating to its business and operations. Image OK owns all franchises, licenses, permits, easements, rights, applications, filings, registration and other authorizations which are necessary for it to conduct business, all of which are valid and in full force and effect, and it is in full compliance therewith.

(o) Litigation. There is no suit, action or any arbitration, administrative, legal or other proceeding of any kind or character, or any governmental investigation pending or threatened against it affecting its assets or business, and there is no factual basis therefor. There are no pending or threatened actions or proceedings before any court, arbitrator or administrative agency which would, if adversely determined, individually or in the aggregate, materially and adversely affect its assets or business.

(p) Employees. Image OK has 4 employees. Image OK has no written agreements with its employees.

(q) Employee Benefit Plans and Arrangements. There are no employee benefit plans in effect, and there are no unfunded liabilities to employees.

(r) Books and Records. The books and records of Image OK are complete and accurate in all material respects, fairly present its business and operations, have been maintained in accordance with good business practices, and accurately reflect in all material respects its business and financial condition.

(s) No Broker's Fees. Image OK has incurred no finder's, broker's, investment banking, financial, advisory or other similar fee.

(t) Full Disclosure. All representations or warranties of Image OK are true, correct and complete in all material respects on the date hereof and shall be true, correct and complete in all material respects as of the Closing as if they were made on such date. No statement made by it herein or in the exhibits hereto or any document delivered by it or on its behalf pursuant to this Agreement contains an untrue statement of material fact or omits to state all material facts necessary to make the statements therein not misleading in any material respect.

(u) Offering Memorandum. The draft Image OK Private Offering Memorandum to be used in connection with the offer and sale of common stock of Image OK under Rule 504 of SEC Regulation D is true and correct in all material respects. As to information regarding UTEK, the Invention, the Patents and the sponsored Research Agreement, Image OK is relying upon the accuracy of the representations of UTEK and Image FL.

2.03. Investment Representations of UTEK. UTEK represents and warrants to Image OK that:

(a) General. It has such knowledge and experience in financial and business matters as to be capable of evaluating the risks and merits of an investment in the shares ("Shares") of common stock of Image OK pursuant to the Merger. It is able to bear the economic risk of the investment in the Shares, including the risk of a total loss of the investment in the Shares. The acquisition of the Shares is for its own account and is for investment. Except as permitted by law, it has no present intention of selling, transferring or otherwise disposing in any way of all or any portion of the Shares. All information that it has supplied to Image OK is true and correct. It acknowledges that an investment in the Shares involves a very high degree of risk. It has conducted all investigations and due diligence concerning Image OK which it deems appropriate, and it has found all such information obtained fully acceptable. It is knowledgeable about the prospects, business, financial condition, operations and possible acquisitions of Image OK. It has had an opportunity to ask questions of the officers and directors of Image OK concerning the Shares and the business and financial condition of and prospects for Image OK, and the officers and directors of Image OK have adequately answered all questions asked and made all relevant information available to them. It understands that success of Image OK is dependent upon Image OK's receipt of funds necessary to provide working capital, which may not occur. It

understands and agrees that the following restrictions and limitations are applicable to the purchase, resale and distribution of the Shares pursuant to applicable securities laws.

(b) Stock Transfer Restrictions.

(i) It is aware that it must bear the full economic risk of an investment in Image OK for an indefinite period of time, because the transaction in which the Shares are being issued has not been registered under the Securities Act of 1933, as amended ("Securities Act"), or the securities laws of any state; and, therefore, unless a valid SEC Regulation D Rule 504 exemption exists, the Shares cannot be sold, pledged, transferred or otherwise disposed of unless registered under applicable securities laws or an exemption from registration is available. It further understands that only Image OK can take action to register the Common Stock, and the cost of registration is prohibitive.

(ii) A legend will be placed on the certificates representing the common stock of Image OK in substantially the following form:

NOTICE OF TRANSFER RESTRICTIONS

The shares evidenced by this Certificate have been acquired for investment only and have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state. Without such registration, and unless it is determined by counsel to Image OK that the shares were issued pursuant to a valid Rule 504 of SEC Regulation D exemption, the shares may not be sold, transferred, pledged or otherwise disposed of, except upon receipt by Image OK of an opinion of counsel satisfactory to Image OK that registration is not required.

(iii) Stop transfer instructions have been placed in Image OK's transfer records with respect to the Shares to insure that any transfer or disposition thereof is in full compliance with applicable law. It agrees that Image OK may refuse or delay transfer of the shares or impose other restrictions on the transfer if Image OK is not satisfied that the transfer is lawful. However, Image OK acknowledges and agrees that this determination must be made within a reasonable time; and if Image OK finds the transfer is satisfactory and permitted by applicable law, Image OK will not refuse or delay the transfer.

**ARTICLE III
TRANSACTIONS PRIOR TO CLOSING**

3.01. Corporate Approvals. Prior to Closing, each of the parties shall submit this Agreement to its Board of Directors and Shareholders and obtain approval thereof. Copies of corporate actions taken shall be provided to each party.

3.02. Access to Information. Each party agrees to permit upon reasonable notice the attorneys, accountants, and other representatives of the other parties reasonable access during normal business hours to its properties and its books and records to make reasonable investigations with respect to its affairs, and to make its officers and employees available to answer questions and provide additional information as reasonably requested.

3.03. Expenses. Each party agrees to bear its own expenses in connection with the negotiation and consummation of the Merger and the transactions contemplated hereby.

3.04. Covenants. Except as permitted in writing, each party agrees that it will:

(i) Use its good faith efforts to obtain all requisite licenses, permits, consents, approvals and authorizations necessary in order to consummate the Merger; and

(ii) Notify the other parties upon the occurrence of any event which would have a materially adverse effect upon the Merger or the transactions contemplated hereby or upon the business, assets or results of operations; and

(iii) Not modify its corporate structure, except as necessary or advisable in order to consummate the Merger and the transactions contemplated hereby.

ARTICLE IV CONDITIONS PRECEDENT

The obligation of the parties to consummate the Merger and the transactions contemplated hereby are subject to the following conditions which may be waived to the extent permitted by law:

(i) Each party must obtain the approval of its Board of Directors and Shareholders in accordance with applicable law, and such approval shall not have been rescinded or restricted; and

(ii) Each party shall obtain all requisite licenses, permits, consents, authorizations and approvals required to complete the Merger and the transactions contemplated hereby; and

(iii) There shall be no effective injunction, writ or preliminary restraining order or other order of a similar nature issued by any court or governmental agency having jurisdiction directing that the Merger or the transactions contemplated hereby shall not be consummated; and

(iv) The representations and warranties of the parties shall be true and correct in all material respects at the Effective Time; and

(v) Image OK shall deposit into escrow \$340,400 to insure for all parties that these liabilities of Image FL, which become Image OK liabilities by reason of the Merger, shall be paid on or before January 23, 1999.

(vi) The Patents are valid and in full force and effect; and the Patent applications have been prosecuted in good faith with reasonable diligence.

(vii) The sponsored Research Agreement is valid and in full force and effect and there has been no default therein and Brenau University has consented to the Merger and has agreed to such other revisions in the sponsored Research Agreement as Image OK shall reasonably request.

(viii) The License Agreement is valid and in full force and effect without any default therein.

(ix) Dr. Keith Brown enters into a Consulting Agreement with Image OK which is in mutually agreed form and substance and which entitles Dr. Brown to receive 50,000 shares of common stock of Image OK at the Closing in exchange for his consulting services to be available to advise Image OK from time to time about the invention covered by the Patents and other technical aspects thereof, so long as such availability does not unreasonably interfere with his other duties and responsibilities.

ARTICLE V INDEMNIFICATION

(a) By UTEK UTEK agrees to indemnify, defend and hold harmless Image OK and its shareholders, directors, officers, employees, agents and representatives and their respective successors and assigns against and in respect of any cost, damage, expense (including reasonable legal fees and actual expenses), liability or loss incurred or suffered by any of them resulting from or arising out of the (i) breach, inaccuracy, misrepresentation or untruth of any representation or warranty, or the nonfulfillment of any agreement or covenant of UTEK contained in this Agreement or in any document delivered by it to Image OK pursuant hereto; and (ii) any action, assessment, claim, demand, proceeding or suit incident to any of the foregoing. The liability of UTEK hereunder may be satisfied by the return to Image OK of shares of Image OK common stock issued pursuant hereto valued at the fair market value on the date the breach is discovered to the extent of the breach.

(b) By Image OK Image OK agrees to indemnify, defend and hold harmless UTEK and its shareholders, officers, directors, employees, agents and representatives and their respective successors and assigns against and in respect of any cost, damage, expense (including reasonable legal fees and actual expenses), liability or loss incurred or suffered by any of them resulting from or arising out of: (i) the breach, inaccuracy, misrepresentation or untruth of any representation, warranty, or the nonfulfillment of any agreement or

covenant of Image OK contained in this Agreement or in any document delivered by it to UTEK pursuant hereto; and (ii) any action, assessment, claim, demand, proceeding or suit incident to any of the foregoing.

(c) Costs. The indemnification rights and obligations of a party hereto shall include the right to receive and the duty to pay and reimburse the indemnified party all its reasonable costs and expenses incurred in the enforcement of its rights hereunder.

(d) Survival of Representations and Warranties.

(1) The representations and warranties made by UTEK shall survive for a period of 3 years after Closing, and thereafter all such representations and warranties shall be extinguished, except with respect to claims then pending for which specific notice has been given during such 3 year period. UTEK shall have liability and responsibility for the surviving representations and warranties made by it herein, notwithstanding any due diligence investigation or examination by Image OK.

(2) The representations and warranties made by Image OK shall survive for a period of 3 years after Closing, and thereafter all such representations and warranties shall be extinguished, except with respect to claims then pending for which specific notice has been given during such 3 year period. Image OK shall have liability and responsibility for the surviving representations and warranties made to Image OK, notwithstanding any due diligence investigation or examination by UTEK.

(e) Limitations on Liability. Notwithstanding any other provision herein to the contrary, neither party hereto shall be liable to the other party for any cost, damage, expense, liability or loss under this indemnification provision until after the sum of all amounts individually when added to all other such amounts in the aggregate exceeds \$500, and then such liability shall apply only to matters in excess of \$500.

(f) Rights of Indemnitors. The indemnified party shall notify the indemnifying party of the assertion of commencement of such action, claim or proceeding within a reasonable period of time or, if citation or service of process has been made, within 15 days thereafter. The indemnified party may, at its option and at its sole expense, participate in the defense of and contest any such action, claim or proceeding; provided, however, the indemnified party shall at all times also have the right to participate fully therein. If the indemnifying party, within a reasonable time after receiving such notice, fails to participate, the indemnified party shall have the right, but shall not be obligated, to undertake the defense of the action, claim or proceeding for the account of and at the risk of the indemnifying party; provided, however, in the event that the indemnified party shall determine to compromise or settle (exercising its judgment in good faith) any such action, claim or proceeding, the indemnified party shall be required to give the indemnifying party 15 days'

notice of such determination after its receipt of actual notice of the claim. The indemnified party shall then be entitled to compromise or settle the action, claim or proceeding for the account of and at the risk of the indemnifying party; provided, however, the settlement shall be effective without the consent of both the indemnifying and indemnified parties, which consent shall not be reasonably withheld. The parties agree that any indemnified party may join any indemnifying party in any action, claim or proceeding brought by a third party, as to which any right of indemnity created by this Agreement would or might apply, for the purpose of enforcing any right of the indemnity granted to such indemnified party pursuant to this Agreement.

(g) Additional Rights. Any right of indemnity of any party pursuant to this Agreement shall be in addition to and shall not operate as a limitation on any other right to indemnity of such party pursuant to this Agreement, any document or instrument executed in connection with the consummation of the transaction contemplated hereby or otherwise.

ARTICLE VI ARBITRATION

In the event a dispute arises with respect to the interpretation or effect of this Agreement or concerning the rights or obligations of the parties hereto, the parties agree to negotiate in good faith with reasonable diligence in an effort to resolve the dispute in a mutually acceptable manner. Failing to reach a resolution thereof, either party shall have the right to submit the dispute to be settled by arbitration under the Commercial Rules of Arbitration of the American Arbitration Association. The parties agree that all arbitrations shall be conducted in Tulsa, Oklahoma, unless the parties mutually agree to the contrary. The cost of arbitration shall be borne by the party against whom the award is rendered or, if in the interest of fairness, as allocated in accordance with the judgment of the arbitrators. All awards in arbitration made in good faith and not infected with fraud or other misconduct shall be final and binding.

ARTICLE VII MISCELLANEOUS

No party may assign this Agreement or any right or obligation of it hereunder without the prior written consent of the other parties hereto. No permitted assignment shall relieve a party of its obligations under this Agreement without the separate written consent of the other parties. This Agreement shall be binding upon and enure to the benefit of the parties and their respective permitted successors and assigns. Each party agrees that it will comply with all applicable laws, rules and regulations in the execution and performance of its obligations under this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma. This document constitutes a complete and entire agreement among the parties with reference to the subject matters set forth herein.

No statement or agreement, oral or written, made prior to or at the execution hereof and no prior course of dealing or practice by either party shall vary or modify the terms set forth herein without the prior consent of the other parties hereto. This Agreement may be amended only by a written document signed by the parties. Notices or other communications required to be made in connection with this Agreement shall be delivered to the parties at the address set forth below or at such other address as may be changed from time to time by giving written notice to the other parties. This Agreement may be executed in multiple counterparts, each of which shall constitute one and a single Agreement.

ARTICLE VIII PIGGYBACK REGISTRATION RIGHTS

Image OK covenants and agrees that if it files with the Securities and Exchange Commission an underwritten registration statement on SEC Form S-1B or Form S-1 or its equivalent which includes the offer of shares owned by shareholders of Image OK, Image OK will use its best efforts to include some or all of the shares of Image OK common stock issued to and then held by UTEK pursuant to this Agreement. If the underwriters include any selling shareholder shares, UTEK shall be permitted to include some or all of its Image OK shares on a pro rata basis to the extent and upon the same terms and conditions as other Image OK shareholders are permitted to have their Image OK shares included in the proposed offering. If the underwriters do not permit for any reason the inclusion of selling shareholder shares in the offering, UTEK shares shall also not be included. It is the expressed intent of this Article that UTEK be treated exactly the same as any other selling Image OK shareholder in connection with any underwritten offering of Image OK common stock, no better and no worse. If Image OK proposes an underwritten offering, Image OK will give UTEK 15 days' prior written notice thereof, and UTEK shall give Image OK notice within 10 days thereafter of UTEK's desire as to the number of shares, if any, that UTEK desires to include in the offering. Image OK will notify the lead underwriters of UTEK's desire, and Image OK will include UTEK shares in accordance with this paragraph. As a condition of including any UTEK shares in the offering, UTEK shall (1) sign all underwriting agreements, representations, warranties, certificates and other papers as the underwriters require of UTEK and other Image OK shareholders whose shares are to be included in the offering; (2) pay pro rata all costs of the offering to the same extent as other Image OK selling shareholders are required to pay; and (3) take all other actions and do all other things as are required of other selling shareholders. Failure of UTEK to respond within 10 days after notice of Image OK's intention to file an underwritten offering shall constitute a waiver of the rights set forth in this Article.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by a duly authorized officer this 14th day of October, 1998.

IMAGE ANALYSIS, INC.

By: 

Gifford Mabie, President

IMAGE ANALYSIS CORP

By: 

Dr. Clifford M. Gross, President

UTEK Corporation

By: 

Dr. Clifford M. Gross
Chief Executive Officer

H:\5700_MRI\Image Analysis Agreement and Plan of Merger.wpd

Exhibit B
to
Agreement and Plan of Merger

Directors

Gifford M. Mabie
Rhonda R. Vincent

Officers

Gifford M. Mabie	President and CEO
Rhonda R. Vincent	Vice President and CFO
Frederick K. Slicker	Vice President and General Counsel
Rhonda R. Vincent	Treasurer
Rhonda R. Vincent	Secretary

Schedule 2.01(j)

Image FL Financial Statements

SCHEDULE 1

PATENT POSITION

■ **US Patents 5,332,968 and 5,410,250**

■ **EPC Patent 637387**

■ **Mexican Patent 183483**

■ **Pending Patents**

- **Canadian Serial #2,133,988**

- **Japanese Serial #5-518631**

- **PCT #US93/03600**

Schedule 2.02(j)

Image OK Financial Statements