UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2014

OR

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

For the transition period from _____to_____

Commission file Number: 000-24249

PDI, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**22-2919486**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Morris Corporate Center 1, Building A
300 Interpace Parkway, Parsippany, NJ 07054

(Address of principal executive offices and zip code)

(800) 242-7494

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01 per share	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes £ No Q

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes £ No Q

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Q

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

Large accelerated filer £	Accelerated filer £	Non-accelerated filer £ (Do not check if a smaller reporting company)	Smaller reporting company Q

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

The aggregate market value of the registrant's common stock, $0.01 par value per share, held by non-affiliates of the registrant on June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, was $ 29,097,168 (based on the closing sales price of the registrant's common stock on that date). Shares of the registrant's common stock held by each officer and director and each person who owns 10% or more of the outstanding common stock of the registrant have been excluded because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 23, 2015, 15,345,432 shares of the registrant's common stock, $0.01 par value per share, were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the registrant's 2015 Annual Meeting of Stockholders (the Proxy Statement), to be filed within 120 days of the end of the fiscal year ended December 31, 2014, are incorporated by reference in Part III hereof. Except with respect to information specifically incorporated by reference in this Annual Report on Form 10-K (Form 10-K), the Proxy Statement is not deemed to be filed as part hereof.

PDI, Inc.
Annual Report on Form 10-K

* The information required under this item is to be contained in the Proxy Statement for the registrant's annual meeting of stockholders, and is incorporated herein by reference. It is anticipated that the Proxy Statement will be filed with the Securities and Exchange Commission by April 30, 2015.

FORWARD LOOKING STATEMENT INFORMATION

This Form 10-K contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Statements that are not historical facts, including statements about our plans, objectives, beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words “believes,” “expects,” “anticipates,” “plans,” “estimates,” “intends,” “projects,” “should,” "could," “may,” “will” or similar words and expressions. These forward-looking statements are contained throughout this Form 10-K, including, but not limited to, statements found in Part I – Item 1 – “Business” and Part II – Item 7 – “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Forward-looking statements are only predictions and are not guarantees of future performance. These statements are based on current expectations and assumptions involving judgments about, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. These predictions are also affected by known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from those expressed or implied by any forward-looking statement. Many of these factors are beyond our ability to control or predict. Such factors include, but are not limited to, the following:

- our ability to profitably grow our Interpace Diagnostics segment, including our ability to successfully compete in the market;
- our ability to successfully negotiate contracts in our Commercial Services segment with reasonable margins and favorable payment terms;
- our ability to obtain broad adoption of and reimbursement for our molecular diagnostic tests in a changing reimbursement environment;
- the demand for our molecular diagnostic tests from physicians and patients;
- whether we are able to successfully utilize our operating experience from our Commercial Services segment to sell our molecular diagnostic tests;
- our dependence on third parties for the supply of some of the materials used in our molecular diagnostic tests;
- our plans to develop, acquire and commercialize our existing and planned molecular diagnostic tests, as applicable;
- the effect current and future laws, licensing requirements and regulation have on our Commercial Services and Interpace Diagnostics segments;
- our exposure to environmental liability as a result of our Interpace Diagnostics segment;
- the susceptibility of our information systems to security breaches, loss of data and other disruptions;
- our compliance with our license agreements and our ability to protect and defend our intellectual property rights;
- product liability claims against us;
- our involvement in current and future litigation against us;
- our billing practices and our ability to collect on claims for the sale of our molecular diagnostic tests and Interpace Diagnostics;
- in our Commercial Services segment, early termination of a significant services contract, the loss of one or more of our significant customers or a material reduction in service revenues from such customers;
- our customer concentration risk in our Commercial Services segment in light of continued consolidation within the pharmaceutical industry and our current business development opportunities;
- our ability to meet performance goals in incentive-based arrangements with customers in our Commercial Services segment;
- our ability to attract and retain qualified sales representatives and other key employees and management personnel;
- changes in outsourcing trends or a reduction in promotional and sales expenditures in the pharmaceutical, biotechnology and healthcare industries;
- competition in the industries in which we operate or expect to operate;
- our ability to obtain additional funds in order to implement our business models and strategies;
- our ability to satisfy our debt, royalty and milestone obligations and comply with our debt covenants;
- our ability to successfully identify, complete and integrate any future acquisitions or successfully complete and integrate our Interpace Diagnostics segment and the effects of any such items on our revenues, profitability and ongoing business;
- failure of third-party service providers to perform their obligations to us;
- the results of any future impairment testing for goodwill and other intangible assets;
- the effect our largest stockholder may have on us; and
- volatility of our stock price and fluctuations in our quarterly and annual revenues and

earnings.

Please see Part I - Item 1A - "Risk Factors" of this Form 10-K, as well as other documents we file with the United States Securities and Exchange Commission (SEC) from time-to-time, for other important factors that could cause our actual results to differ materially from our current expectations and from the forward-looking statements discussed herein. Because of these and other risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. In addition, these statements speak only as of the date of this Form 10-K and, except as may be required by law, we undertake no obligation to revise or update publicly any forward-looking statements for any reason.

PART I

ITEM 1. BUSINESS

Company Background

We are a leading healthcare commercialization company providing go-to-market strategy and execution to established and emerging pharmaceutical, biotechnology, diagnostics and healthcare companies in the United States through our Commercial Services segment, and developing and commercializing molecular diagnostic tests through our Interpace Diagnostics segment.

Our Commercial Services segment is focused on providing outsourced pharmaceutical, biotechnology, medical device and diagnostic sales teams to our corporate customers. Through this business, we offer a range of complementary sales support services designed to achieve our customers' strategic and financial objectives.

Our Interpace Diagnostics segment is focused on developing and commercializing molecular diagnostic tests, leveraging the latest technology and personalized medicine for better patient diagnosis and management. Through our Interpace Diagnostics segment, we aim to provide physicians and patients with diagnostic options for detecting genetic and other molecular alterations that are associated with gastrointestinal and endocrine cancers. Our customers in our Interpace Diagnostics segment consist primarily of physicians, hospitals and clinics.

We were originally incorporated in New Jersey in 1986 and began commercial operations in 1987. In connection with our initial public offering, we re-incorporated in Delaware in 1998. We conduct our Commercial Services segment through our parent company, PDI, Inc. and our wholly-owned subsidiary, PDI BioPharma, LLC, which was formed in New Jersey in 2011. We conduct our Interpace Diagnostics segment through our wholly-owned subsidiaries, Interpace Diagnostics, LLC, which was formed in Delaware in 2013 and Interpace Diagnostics Corporation (formerly known as RedPath Integrated Pathology, Inc. (RedPath)) which was formed in Delaware in 2007. Our executive offices are located at Morris Corporate Center 1, Building A, 300 Interpace Parkway, Parsippany, New Jersey 07054. Our telephone number is (800) 242-7494.

Our Business

We provide pharmaceutical, biotechnology, diagnostics and healthcare companies with full-service outsourced product commercialization and promotion solutions through our Commercial Services segment. Our Commercial Services segment offers customers a range of standard and customizable options for their products throughout their entire lifecycles, from development to commercialization. We have over 25 years of experience in the Commercial Services business that allows us to provide services that are innovative, flexible and designed to drive our customers' profits and respond to a continually changing market. Over the course of our operating history, we have designed and successfully implemented commercialization programs for many large pharmaceutical companies, a variety of emerging and specialty pharmaceutical and biotechnology companies and diagnostic and other healthcare service providers. Our services provide a vital link between our customers and the medical community through the communication of product information to physicians and other healthcare professionals for use in the care of their patients.

We are also developing and commercializing molecular diagnostic tests to detect genetic and other molecular alterations that are associated with gastrointestinal and endocrine cancers through our Interpace Diagnostics segment. As a result of our acquisitions during 2014 of RedPath and certain assets from Asuragen, Inc. (Asuragen) our Interpace Diagnostics segment offers PancraGen™ (formerly known as PathFinderTG® Pancreas), a diagnostic test designed for determining risk of malignancy in pancreatic cysts, and ThyGenX™, a next-generation sequencing test designed to assist physicians in distinguishing between benign and malignant genotypes in indeterminate thyroid nodules. We have three additional diagnostic tests in late stage development that are designed to detect genetic and other molecular alterations that are associated with gastrointestinal cancers and one diagnostic test in late stage development that is designed to detect molecular alterations that are associated with thyroid cancer.

Strategy

Our goals are to grow our Interpace Diagnostics segment and expand our Commercial Services segment. The key elements of our strategy to achieve these goals include:

- focusing on more predictable and higher growth, higher margin businesses by growing PancraGen™ and ThyGenX™ and developing and commercializing our other molecular diagnostic tests that are in development;

- utilizing our deep knowledge from our Commercial Services segment to commercialize our molecular diagnostic tests;

- building a leading oncology diagnostics business, beginning with our focus in the gastrointestinal and endocrine cancer markets;

- leveraging our Clinical Laboratory Improvement Amendments, or CLIA, certified, and College of American Pathologists, or CAP, accredited laboratories in Pittsburgh, Pennsylvania and New Haven, Connecticut to develop and commercialize our molecular diagnostic tests;

- strengthening and expanding our intellectual property position by seeking and maintaining domestic and international patents on our current assets and inventions that are commercially important to our business; and

- providing innovative, flexible, customizable and cost effective services to our customers.

Reporting Segments

We now have two reporting segments: Commercial Services and Interpace Diagnostics. Effective December 31, 2014, we realigned our reporting segments, and service offerings and operating segments within our reporting segments, due to the acquisition of RedPath and acquiring certain assets from Asuragen, Inc. (Asuragen) to reflect our current and going forward business strategy. As part of our strategy, we have decided to sell our Group DCA business in an effort to reduce spending in the area and focus our resources on our strategic plan. We have classified this business as discontinued operations and held-for-sale, and will no longer be presenting a Marketing Services segment.

Commercial Services

Our Commercial Services segment generates fee-for-service revenue from personal promotion, medical and clinical service, and full product commercialization arrangements. The revenue generated from our Commercial Services segment was $118.5 million for the fiscal year ended December 31, 2014, which represented 98.8% of our consolidated revenue for the period.

Personal Promotion

We provide our customers with personal promotion through outsourced sales teams that target healthcare providers in the United States. Personal promotion involves a sales representative meeting face-to-face with targeted physicians and other healthcare decision makers to provide a technical review of the product being promoted and deliver marketing materials, often including samples. Personal promotion also consists of a portfolio of expanded services, which includes talent acquisition services, short-term sales teams and vacancy coverage services. Our talent acquisition platform provides our customers with an outsourced, stand-alone sales force focused on delivering recruiting and on-boarding services. Short-term programs provide temporary full- or flex-time sales teams, and are designed to help our customers increase brand impact during key market cycles, rapidly respond to regional opportunities and conduct pilot programs. Our vacancy coverage services provide customers with outsourced full- or flex-time sales representatives to fill temporary territory vacancies created by leaves of absence within our customers' internal sales forces, thereby allowing our customers to maintain continuity of services. Personal promotion teams can be deployed on either a customer dedicated or shared basis, and may use either full- or flex-time sales representatives.

Our personal promotion services include the ability to provide a dedicated sales team that works exclusively on behalf of a single customer. Dedicated sales teams are customized to meet our customers' specifications with respect to sales representative profiles, physician targeting, product training, incentive compensation plans, integration with our customers' in-house sales force, call reporting platforms and data integration. Without adding permanent personnel, our customers receive high quality, industry-standard sales teams that are comparable to an internal sales force.

As part of personal promotion services, we also provide our established relationship team business model that utilizes a single sales team that manages sales of multiple non-competing brands for different customers. Our established relationship team business model makes a face-to-face selling resource available to our customers who demand an alternative to a dedicated sales team. We are a leading provider of established relationship teams in the United States. Since costs can be shared among various customers, established relationship teams are generally less expensive than programs involving a dedicated sales force yet our customers still receive direct access to their target healthcare providers.

Our sales teams can employ PD One™, our proprietary internally-used technology platform that enables our customers to share personal and brand interactions with physicians through a secure, professional networking platform that features direct

messaging and dynamic content. This platform allows real-time, two-way, compliant digital communications with physicians through a representative/physician web page and offers physicians personalized access to clinical information and product related resources, and allows sales representatives to share a variety of approved content, including co-pay cards, interactive videos and clinical data.

Medical and Clinical Services

We provide medical science liaisons, or MSLs, clinical educators, or CEs, and medical affairs services to our customers to support complex products, including injectable and infusion therapies or specialty drugs with complicated protocols or Risk Evaluation and Mitigation Strategy (REMS) requirements.

Our MSLs support our customers' brands by building peer-to-peer relationships with thought leaders, clinicians, investigators and payors; holding in-depth scientific, clinical, disease state and guideline discussions; and assisting in the field to raise awareness and advocate for safe and proper use of our customers' products.

Our CEs work with healthcare providers typically in the management of chronic diseases in order to optimize patient care and outcomes. Our CEs help healthcare providers transition from providing routine healthcare to implementing our customers' recognized and recommended standards of care. The primary focus of our CEs is to instill best-practice treatment standards and procedures among healthcare providers and engage in discussions on appropriate drug therapies. This involves the implementation of protocols that proactively enhance patient and disease management, with the goals of preventing medical issues from becoming more serious and improving patient outcomes. The secondary focus of our CEs is to provide patient education on medical treatments to improve the patients' ownership of their disease.

We also provide consulting services to augment our customers "medical affairs" functions in areas such as medical strategy and launch, medical information and responding to inquiries, sales training and promotional review and life-cycle strategies.

Full Product Commercialization

Our full product commercialization service offering provides category-focused expertise and a complete and customized product commercialization infrastructure that is designed to successfully bring our customers' products to market. These services include strategic planning and management, medical, regulatory and legal management, branding, marketing and sales promotion, pricing strategy, managed market support, compliance, product distribution and full supply chain management. Our full product commercialization services provide our customers with a fully integrated, full-service product commercialization solution without our customers having to lose promotional control or giving up a large share of economic value that is generally associated with other commercialization alternatives such as out-licensing or co-promotion arrangements.

For details on revenue, operating results and total assets by segment, see Note 17, Segment Information, to the consolidated financial Statements included in this Form 10-K.

Contracts

Commercial Services:

Our contracts for our Commercial Services contracts are nearly all fee-for-service arrangements that typically included certain agreed upon pass-through costs. The terms of these contracts are typically between one and three years. On occasion, certain contracts have terms that are shorter due to the seasonal nature of the products or at the request of our customers. All agreements, whether or not specifically provided for by terms within the contract, may be renewed or extended upon mutual agreement of the parties. Renewed or extended contracts may include revised terms for provisions such as pricing, penalties, incentives and performance metrics.

The majority of our contracts are terminable by our customers without cause upon 30 days' to 180 days' prior written notice. Additionally, certain contracts include provisions mandating that such notice may not be provided prior to a pre-determined future date and also provide for termination payments if the customer terminates the agreement without cause. Typically, however, the total compensation provided by minimum service periods (otherwise referred to as minimum purchase obligations) and termination payments within any individual agreement will not fully offset the revenue we would have earned from fully executing the contract or the costs we may incur as a result of its early termination. Depending upon our customers' strategic plans, some contracts may have provisions that allow for our customers to internalize some or all of the commercialization activities at agreed upon milestones.

Our contracts generally include standard mutual representations and warranties as well as mutual confidentiality and indemnification provisions, including product liability indemnification for our protection. Some of our contracts also include exclusivity provisions limiting our ability to promote or represent competing products during the contract service period unless consent has been provided by the customer, and may also require the personnel we utilize to be dedicated exclusively to promoting or representing a single customer's product for the term of the contract.

Some of our contracts, including contracts with significant customers, may contain both activity and sales performance benchmarks requiring adherence to certain call plan metrics, such as a minimum amount of detailing activity to certain physician targets or other contact metrics and sales performance. Our failure to meet these benchmarks may result in specific financial penalties for us such as a reduction in our program management fee on our dedicated sales agreements or a discount on the fee we are permitted to charge per detail on our established relationships agreements. Conversely, these same agreements generally include risk-based metrics which allow for incentive payments that can be earned if our activities generate results that meet or exceed agreed-upon performance targets.

All of our contracts provide for certain reimbursable out-of-pocket expenses such as travel, meals and entertainment or product sample distribution costs, for which we are reimbursed at cost by our customers. Certain contracts may also provide for reimbursement of other types of expenses depending upon the type of services that we are providing to our customers.

Interpace Diagnostics

Our Interpace Diagnostics segment generates revenue from sales of our molecular diagnostic tests, which we began selling in late 2014. The revenue generated from our Interpace Diagnostics segment was $1.5 million for the fiscal year ended December 31, 2014, or 1.2% of our consolidated revenue for the same period. We expect the revenue generated from our Interpace Diagnostics segment to grow in the future.

Background

The molecular diagnostics industry in general and the oncology molecular diagnostics industry in particular are projected to grow significantly over the next 10 years. Molecular diagnostics is one of the largest and fastest growing segments in the $57 billion in vitro diagnostics industry. Visiongain, a UK-based business intelligence service estimated that the molecular diagnostics global market will reach $6.1 billion with the United States accounting for approximately 50% of the total in 2014 and forecasted a compound annual growth rate for the market of approximately 15% over the next 10 years. Oncology, which represents the second largest segment after infectious disease, is the fastest growing segment of the molecular diagnostics market. The Centers for Medicare and Medicaid Services, or CMS, of the Department of Health and Human Services estimated in June 2014 that there were more than 5,900 independent clinical reference laboratories and specialty clinics, and more than 8,900 hospital-based laboratories, in the United States.

The molecular diagnostics industry is highly fragmented with numerous science-based companies that have developed clinical tests that are on the market or ready or near ready for market. A vast majority of these companies have very limited experience bringing a test to market and many of them do not have the capital to build an infrastructure to effectively commercialize their tests. Due to their complexity, most molecular diagnostic tests require a specialized go-to-market strategy that includes messaging to physicians and potentially patients, similar to the launching of a new drug in the pharmaceutical market. Developing and delivering these kinds of messages is one of our strengths as we are able to fully leverage our extensive experience from our Commercial Services business in a manner that we believe will be impactful and innovative and will maximize our return on investment. Accordingly, we believe that our Diagnostics business will grow significantly in the future, beginning in 2015, and our ability to gain synergies from our complementary Commercial Services business significantly mitigates the risks associated with our entry into the molecular diagnostics business. If we are successful in growing our Diagnostics business, we believe that we will add a more predictable and higher growth, higher margin business that will increase shareholder value.

Our Molecular Diagnostic Tests

We are developing and commercializing molecular diagnostic tests to detect genetic alterations that are associated with gastrointestinal and endocrine cancers. Our Interpace Diagnostics segment offers PancraGen™, a diagnostic test designed for determining risk of malignancy in pancreatic cysts, and ThyGenX™, a next-generation sequencing test designed to assist physicians in distinguishing between benign and malignant genotypes in indeterminate thyroid nodules. We have three diagnostic tests in late stage development that are designed to detect genetic alterations that are associated with gastrointestinal cancers and one diagnostic test in late stage development that is designed to detect genetic alterations that are associated with endocrine cancers.

Gastrointestinal Cancer Tests

We have one gastrointestinal cancer diagnostic test that is currently on the market and three other gastrointestinal cancer diagnostic tests that are in late stage development. Our gastrointestinal cancer diagnostic tests are based on our PathFinderTG® platform, which is designed to use advanced clinical algorithms to accurately stratify patients according to risk of cancer by assessing panels of DNA abnormalities in patients who have lesions (cysts or solid masses) with potential for cancer. Our PathFinderTG® platform is supported by our state of the art Clinical Laboratory Improvement Amendments (CLIA) certified, and College of American Pathologists (CAP) accredited laboratory in Pittsburgh, Pennsylvania. Our Pittsburgh laboratory will become our commercial-scale and development Center of Excellence and we intend to process certain of our current and future oncology related tests and support our development activities through this laboratory.

PancraGen™ is our gastrointestinal cancer diagnostic test that is currently on the market. PancraGen™ is designed for determining risk of malignancy in pancreatic cysts. We believe that PancraGen™ is the leading integrated molecular diagnostic test for determining risk of malignancy in pancreatic cysts currently available on the market. We estimate that the total market for PancraGen™ is approximately $350 million annually based on the current size of the patient population and current and anticipated reimbursement rates. To date, PancraGen™ has been used in about 20,000 clinical cases. Recently, the results of a study by the National Pancreatic Cyst Registry were published in the February 2015 issue of Endoscopy, the leading international periodical in the field of gastroenterology. The study involved a ten-institution study and patient registry that examined the ability of PancraGen™ to determine malignancy in pancreatic cysts. This study demonstrated that PancraGen™ as a clinically validated test more accurately determined the malignant potential of pancreatic cysts than the Sendai 2012 guideline, which was a study to evaluate the accuracy of the Sendai 2012 EUS criteria for detection of malignant pancreatic cystic legions in the context of routine clinical care. Accordingly, we believe that PancraGen™ provides a highly reliable diagnostic option for identifying patients with pancreatic cysts who are at low or high risk for pancreatic cancer.

Our three gastrointestinal cancer diagnostic tests that are in late stage development are BarreGen™, PancraMir™ (formerly known as miRInform™ Pancreas) and a diagnostic test for biliary cancer. BarreGen™ is designed to evaluate patients with Barrett's esophagus, a common upper gastrointestinal condition that can progress to esophageal cancer. We estimate that the total market for BarreGen™ is approximately $2 billion annually based on the current size of the patient population and anticipated reimbursement rates. We expect BarreGen™ to be commercially available in the second half of 2015. PancraMir™ is designed for determining risk of malignancy in pancreatic masses, and will be positioned in the same general market as PancraGen™, which we estimate is approximately $350 million annually based on the current size of the patient population and current and anticipated reimbursement rates. PancraMir™ is a microRNA-based test and PancraGen™ is a DNA-based test. When used together, we believe PancraMir™ will provide complementary and more precise information to assist physicians in diagnosing patients and allow us to capture a larger part of the market. We expect PancraMir™ to be commercially available no later than the first quarter of 2016. Our biliary cancer diagnostic test is designed to assess the risk of cancer in patients with biliary tract obstructions. We estimate the total market for this test is approximately $125 million annually based on the current size of the patient population and anticipated reimbursement rates.

Endocrine Cancer Tests

We have one endocrine cancer diagnostic test that is currently on the market and one endocrine cancer diagnostic test that is in late stage development. Our endocrine cancer diagnostic tests are based on our miRInform™ platform, which uses assays comprised of genetic markers that are designed to detect genetic alterations that are associated with endocrine cancers. Our technology is supported by our state of the art CLIA-certified laboratory in New Haven, Connecticut. Our Connecticut laboratory will become one of our development Centers of Excellence and we intend to process certain of our current and future oncology related tests and support our development activities through this laboratory.

ThyGenX™ is our DNA based endocrine cancer diagnostic test that is currently on the market. ThyGenX™ is a next-generation sequencing test designed to assist physicians in distinguishing between benign and malignant genotypes in indeterminate thyroid nodules. ThyGenX™, when applied to indeterminate fine needle aspiration, or FNA, provides a highly specific "rule-in" test with over 80% positive predictive value in predicting whether a patient's thyroid nodule is cancerous. Our endocrine cancer diagnostic test that is in late stage development is ThyraMir™, which we expect to bring to the market by the second half of 2015. ThyraMir™ is based on microRNA and is designed to provide a highly sensitive "rule-out" test to accurately categorize a mutation negative indeterminate FNA as being benign or malignant. We estimate the total market for our endocrine cancer diagnostic tests is approximately $350 million annually based on the current size of the patient population, estimated numbers of indeterminate FNAs and current and anticipated reimbursement rates.

Endocrinologists evaluate thyroid nodules for possible cancer by collecting cells through FNAs that are then analyzed by cytopathologists to determine whether or not a thyroid nodule is cancerous. It is estimated that up to 30% or up to approximately 150,000 of FNAs analyzed annually yield indeterminate results, meaning they cannot be diagnosed as definitely malignant or benign by cytopathology alone. Traditionally, guidelines recommended that patients with indeterminate cytopathology results undergo surgery to remove all or part of their thyroid to obtain an accurate diagnosis by looking directly at the thyroid tissue. Historically, in approximately 70% to 80% of these cases, the thyroid nodule proves to be benign. In addition to exposing a patient to unnecessary surgical risk and incurring costs, surgery can lead to a lifetime of thyroid hormone replacement. Our ThyGenX™ test, which is currently on the market, and ThyraMir™, which we intend to bring to the market by the second half of 2015, are aimed at significantly improving the ability of physicians to determine an accurate diagnosis of an indeterminate FNA result. We expect that the combination of ThyGenX™ and ThyraMir™ will be complementary in the market and provide physicians with the most accurate means available to determine whether indeterminate FNAs are malignant or benign.

Research and Development

We intend to conduct our research and development activities primarily in our CLIA-certified New Haven laboratory and CLIA-certified, CAP-accredited laboratory in Pittsburgh. Our research and development efforts currently focus on developing and improving PancraGen™, BarreGen™, PancraMir™, a diagnostic test for biliary cancer , ThyGenX™ and ThyraMir™. We believe that continuing to develop and improve our molecular diagnostic tests will increase the value of our tests, drive additional diagnostic tests and increase sales.

We will continue to focus our research and development efforts on enhancing existing molecular diagnostic tests as new research becomes available. We may enter collaborative relationships with research and academic institutions for the development of additional or enhanced molecular diagnostic tests to further increase the depth and breadth of our molecular diagnostic test offerings. Where appropriate, we may also enter into royalty agreements with our collaborative partners to license intellectual property for use in our molecular diagnostic test panels.

Significant Customers

Historically, we have experienced a high degree of customer concentration in our Commercial Services segment. Our two largest customers were Pfizer Inc. and Vivus, Inc., which accounted for 48.0% and 22.6%, respectively, of our revenue for the year ended December 31, 2014, and collectively accounted for 51.5% of our accounts receivable and unbilled receivable balances as of December 31, 2014.

Marketing

Commercial Services

Our Commercial Services marketing efforts target established and emerging companies in the pharmaceutical, biotechnology and healthcare industries and are designed to reach the senior sales, marketing, and business development personnel within these companies with the goal of informing them of the services we offer and the value we can bring to the promotion and sale of their products. Our tactical plan usually includes editorial contributions and/or advertising in trade publications, direct marketing campaigns, presence at industry seminars and conferences and a direct selling effort. We have a dedicated team of business development specialists who work within our segments to identify needs and opportunities within the pharmaceutical, biotechnology and healthcare industries that we can address. We review possible business opportunities as identified by our business development team and develop a customized strategy and solution for each attractive business opportunity.

Interpace Diagnostics

Our Diagnostic Services commercialization efforts are currently focused on Endocrinology and Gastroenterology franchises. Communication of our Interpace Diagnostic marketing messages are through our field based sales teams, print and digital advertising, web presence, publications, and exhibits. We believe that our tests provide value to payors, physicians and patients by lowering healthcare costs through avoidance of unnecessary surgeries, lessening the morbidity of these unnecessary surgeries for patients and providing better diagnostic and prognostic options to physicians. We support our tests value propositions through rigorous science that demonstrates their clinical and analytical validation and clinical utility that is then published in peer-reviewed journals. We communicate this value throughout our marketing messages. We also support physician education programs communicated and led by local and nationally recognized physician thought leaders and we communicate to patient advocacy groups through our medical science liaisons, and our patient advocacy professionals.

We also communicate to payors, integrated delivery systems and hospital systems about our tests value through highly trained professionals who are experienced in reimbursement and business to business selling and through face to face meetings, phone calls, digital communications and advisory boards. We develop health economic analysis and incorporate these along with our clinical validation studies, and clinical utility studies to demonstrate out tests value to the payors, integrated delivery systems and hospital systems that we call on.

Intellectual Property

Patents, trademarks and other proprietary rights are very important to our Interpace Diagnostics business. We generate our own intellectual property and hold numerous patents and patent applications covering our existing and future products and technologies. As of December 31, 2014, we owned 2 issued patents and 17 pending patent applications in the United States. Our issued patents expire in 2027, and our pending patent applications, if issued, are expected to expire between 2027 and 2032, absent any adjustments or extensions. Our patents are directed to certain of the technologies relating to detecting, diagnosing, and classifying thyroid tumors, pancreatic cysts and other forms of gastrointestinal disorders, such as Barrett's esophagus.

We also rely on a combination of trade secrets and proprietary processes to protect our intellectual property. We enter into non-disclosure agreements with certain vendors and suppliers to attempt to ensure the confidentiality of our intellectual property. We also enter into non-disclosure agreements with our customers. In addition, we require that all our employees sign confidentiality, non-compete and intellectual property assignment agreements.

In addition to our own molecular diagnostic test development efforts, we are currently using, and intend to use in the future, certain tests and biomarkers that have been developed by third parties or by us in collaboration with third parties. While a significant amount of intellectual property in the field of molecular diagnostic tests is already in the public domain, ThyraMir™, PancraGen™, BarreGen™ and some of the future tests developed by us, or by third parties on our behalf for use in our tests, may require, that we license the right to use certain intellectual property from third parties and pay customary royalties or make one time payments.

We currently license certain patents and know-how from Asuragen relating to (i) miRInform™ thyroid and pancreas cancer diagnostic tests and other tests in development for thyroid cancer, or the Asuragen License Agreement, and (ii) the sale of diagnostic devices and perform certain services relating to thyroid cancer, or the CPRIT License Agreement. No royalty or other payments or fees are payable under the Asuragen License Agreement. Under the CPRIT License Agreement, we are obligated to royalties of net sales on sales of diagnostic devices and the performance of services relating to thyroid cancer, subject to a maximum deduction of 1.5% for royalties paid to third parties. Both the Asuragen License Agreement and the CPRIT License Agreement continue until terminated by (i) mutual agreement of the parties or (ii) either party in the event of material breach of the respective agreement by the other party.

Additionally, we have a broad and growing trademark portfolio. We have secured trademark registrations for the marks PATHFINDERTG®, MIRINFORM®, PD ONE® and PD ONE & Design® in the United States, and MIRINFORM® with the World Intellectual Property Organization. We also have pending trademark applications for our other molecular diagnostic tests in the United States.

Competition

Our Commercial Services and Interpace Diagnostics segments compete on the basis of such factors as reputation, service quality, management experience, performance record, customer satisfaction, ability to respond to specific customer needs, integration skills and price. Increased competition and/or a decrease in demand for our services or molecular diagnostic tests may also lead to other forms of competition. We believe that our businesses individually and our organization as a whole have a variety of competitive advantages that allow us to compete successfully in the marketplaces for our Commercial and Interpace Diagnostics. While we believe we compete effectively with respect to each of these factors, certain of our competitors are larger than us and have greater capital, personnel and other resources than we have. Many of our competitors also offer broader product lines outside of the molecular diagnostic testing market, and many have greater brand recognition than we do. Moreover, our competitors may make rapid technological developments that may result in our technologies and products becoming obsolete before we recover the expenses incurred to develop them or before they generate significant revenue. Increased competition may lead to pricing pressures and competitive practices that could have a material adverse effect on our market share and our ability to attract new business opportunities as well as our business, financial condition and results of operations.

Commercial Services

With respect to our Commercial Services segment, we compete directly with our own customers and their ability to manage their needs internally. In addition, a small number of providers comprise the market for Commercial Services, including personal promotion through outsourced sales teams. We believe that we along with inVentiv Health Inc., Quintiles Transnational Holdings Inc. and Publicis Touchpoint Solutions (which is part of Publicis Groupe SA) accounted for the majority of market share for these services in the United States in 2014.

Interpace Diagnostics

With respect to our Interpace Diagnostics segment, we compete with physicians and the medical community who use traditional methods to diagnose gastrointestinal and endocrine cancers. In many cases, practice guidelines in the United States have recommended therapies or surgery to determine if a patient's condition is malignant or benign. As a result, we believe that we will need to continue to educate physicians and the medical community on the value and benefits of our molecular diagnostic tests in order to change clinical practices. Specifically, in regard to our thyroid diagnostic tests, Veracyte, Inc., or Veracyte, has thyroid nodule cancer diagnostic tests that compete with our ThyGenX™ test, which is currently on the market, and our ThyraMir™ test, which we intend to bring to the market by the second half of 2015, and Veracyte is developing additional tests aimed at FNAs for thyroid cancer. Quest Diagnostics Incorporated, or Quest, currently offers a diagnostic test similar to the earlier version of our ThyGenX™ test and CBLPath, Inc., or CBL, is offering a diagnostic test that analyzes genetic alterations using next-generation sequencing.

It is also possible that we face future competition from laboratory-developed tests, or LDTs, developed by commercial laboratories such as Quest and Laboratory Corporation of America Holdings, or LabCorp, and/or diagnostic companies developing new tests or technologies. Furthermore, we may be subject to competition as a result of the new, unforeseen technologies that can be developed by our competitors in the gastrointestinal and endocrine cancer molecular diagnostic tests space.

Government Regulations and Industry Guidelines

The healthcare industry, and thus our business, is subject to extensive Federal, State, local and foreign regulation. Both Federal and State governmental agencies continue to subject the healthcare industry to intense regulatory scrutiny, including heightened civil and criminal enforcement efforts. We believe that we have structured our business operations and relationships with our customers to comply with applicable legal requirements. However, it is possible that governmental entities or other third parties could interpret these laws differently and assert otherwise. We discuss below the statutes and regulations that are most relevant to our business and most frequently cited in enforcement actions.

The Patient Protection and Affordable Care Act (also known as the Affordable Care Act)

The Patient Protection and Affordable Care Act, or PPACA (also known as the Affordable Care Act), was signed into law on March 23, 2010. PPACA made significant changes to the Medicaid Drug Rebate Program. PPACA was subsequently amended on March 30, 2010, by the Health Care and Education Reconciliation Act of 2010, or the Reconciliation Act. While PPACA may increase the number of patients who have insurance coverage for the products we promote or sell, its cost containment measures could also adversely affect reimbursement for our customers' products. PPACA also contains two unique disclosure requirements for many of our customers; a prescription drug sampling disclosure and a transfer of value disclosure. As the industry implements new processes for adhering to PPACA, we must work with our customers to determine whether each structured entity is subject to disclosure requirements, whether certain transfers of value are subject to disclosure and provide a mechanism for the tracking and delivery of required data back to our customers. There is liability associated with the failure to properly disclose data in a timely fashion. While we work to comply with all aspects of PPACA, there is no guarantee that our interpretation of PPACA and its requirements will meet the expectation of Federal agencies enforcing PPACA.

In addition, several States have adopted new laws and continue to enforce existing laws that require additional disclosures to the respective States for the distribution of free drug samples, coupons, copay cards, and other items of value, including marketing spend, to a broader range of healthcare practitioners, including nurses and physician assistants. While most State requirements are similar to PPACA in that they contain purely disclosure requirements, some States have prohibitions or greater limitations with regard to transferring value to physicians in certain contexts. Some States require registration, adoption of various industry codes, detailing licenses, lobbying provisions, and a host of other requirements designed to provide transparency when promoting regulated products and to limit influence on healthcare practitioners. We make every effort to stay informed as to all State law and regulatory requirements, which change from time to time, but there is no guarantee that we will be aware of all changes and future changes in regulation, guidance and interpretation and State and local municipality levels. For example, some promotional activities may be deemed to be lobbying in some jurisdictions, such as Miami-Dade County; and lobbyist registrations are required.

There has also been a recent trend of increased Federal and State regulation of payments made to physicians and other healthcare providers. PPACA imposed, among other things, new annual reporting requirements for covered manufacturers (including manufacturers of certain laboratory tests, including some of our molecular diagnostic tests) for certain payments and "transfers of value" provided to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Failure to submit timely, accurately and completely the required information for all payments, transfers of value and ownership or investment interests may result in civil monetary penalties of up to an aggregate of $150,000 per year and up to an aggregate of $1.0 million per year for "knowing failures." Covered manufacturers were required to report detailed payment data for the first reporting period (August 1, 2013 to December 31, 2013) under this law and submit legal attestation to the completeness and accuracy of such data by June 30, 2014. Thereafter, covered manufacturers must submit reports by the 90th day of each subsequent calendar year. In addition, certain States require implementation of commercial compliance programs and compliance with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the Federal government, impose restrictions on marketing practices, and/or tracking and reporting of gifts, compensation and other remuneration or items of value provided to physicians and other healthcare professionals and entities.

If our operations are found to be in violation of any of the health regulatory laws described above or any other laws that apply to us, we may be subject to penalties, including potentially significant criminal, civil and/or administrative penalties, damages, fines, disgorgement, exclusion from participation in government healthcare programs, contractual damages, reputational harm, administrative burdens, diminished profits and future earnings and the curtailment or restructuring of our operations.

The Food, Drug and Cosmetic Act, the Prescription Drug Marketing Act and the Federal Trade Commission Act

The Food, Drug and Cosmetic Act (the FDC Act), as supplemented by various other statutes, regulates, among other matters, the approval, labeling, advertising, promotion, sale and distribution of drugs, including the practice of providing product samples to physicians. Under this statute, the Food and Drug Administration, or the FDA, regulates all promotional activities involving prescription drugs and certain approved medical devices. The FDC Act restricts the promotion and advertising of certain drugs and devices to their approved label. Promoting a regulated product in a manner inconsistent with its approved labeling may violate the law. Labeling is a broad term under the Federal law and may include brochures, letters, materials and even verbal statements when presented with a regulated product. The FDC Act prohibits all misbranding and mislabeling of regulated products. Our customers ask us to promote their respective products in a variety of ways, and based upon product information and training typically provided by each customer. There is always risk that a sales representative may promote a product in a manner that is inconsistent with our customers' expectations, company policies or the FDC Act. In addition to the labeling requirements, our customers must promote their products in a fairly balanced manner, which means all promotional efforts must include contra-indications and side effects as well as the valuable aspects of the product. There is no guarantee that our promotional efforts will meet this standard or that our sales personnel will effectively deliver messaging as intended. Each regulated product may have additional restrictions based upon its deemed safety to the public. For example, some products are required to implement an approved REMS program, which requires certain additional safeguards in the notification and education and selection of patients, physicians and pharmacies. In addition, some products contain "boxed" warnings, which may remove opportunities to provide reminder advertisements. In addition to the FDC Act, some products are deemed controlled substances and are subject to the Controlled Substance Act and relevant State laws and restrictions. Within the FDC Act, the distribution of pharmaceutical products is also governed by the Prescription Drug Marketing Act of 1987, the amendments thereto, and the regulations promulgated thereunder and contained in 21 C.F.R. Parts 203 and 205, or the PDMA. The PDMA is primarily an anti-diversion statute regulating the distribution and storage of prescription drug samples. In addition, the PDMA imposes extensive licensing, personnel record keeping, packaging, quantity, labeling, product handling and facility storage and security requirements intended to prevent the sale of pharmaceutical product samples, drug coupons or other diversions. The PDMA further regulates the distribution, reconciliation and management of prescription drug samples to licensed healthcare practitioners. Regulations set forth in 21 C.F.R. Part 203 provide detailed requirements for procedures, inventory, auditing, monitoring and accountability of all drug sample programs. Under the PDMA and its implementing regulations, States are permitted to require registration of manufacturers and distributors who provide pharmaceutical products even if such manufacturers or distributors have no place of business within the State. States are also permitted to adopt regulations limiting the distribution of product samples to licensed practitioners and require extensive record keeping and labeling of such samples for tracing purposes. The PDMA prohibits the sales, barter, trade or offer to trade barter or sell any prescription drug sample or coupon. The sale or distribution of pharmaceutical products is also governed by the Federal Trade Commission Act and State consumer protection laws.

There are also several bodies of regulations and laws that regulate the conduct of clinical trials, warehousing of materials, reporting of advertise events, billing, distribution and inventory requirements, government reporting and other matters that may have an impact on our business.

Fraud, Abuse and Anti-kickback Laws

There are also numerous Federal and State laws pertaining to healthcare fraud and abuse as well as increased scrutiny regarding the off-label promotion and marketing of pharmaceutical products and devices. In particular, certain Federal and State laws prohibit manufacturers, suppliers and providers from offering, giving or receiving kickbacks or other remuneration in connection with ordering or recommending the purchase or rental of healthcare items and services. The Federal anti-kickback statute imposes both civil and criminal penalties for, among other things, offering or paying any remuneration to induce someone to refer patients to, or to purchase, lease or order (or arrange for or recommend the purchase, lease or order of) any item or service for which payment may be made by Medicare or other Federally-funded State healthcare programs (e.g., Medicaid). This statute also prohibits soliciting or receiving any remuneration in exchange for engaging in any of these activities. The prohibition applies whether the remuneration is provided directly or indirectly, overtly or covertly, in cash or in kind. Violations of the statute can result in numerous sanctions, including criminal fines, imprisonment and exclusion from participation in the Medicare and Medicaid programs. Federal and State anti-kickback laws are extremely broad in nature and can apply to virtually any transfer of value providing to a healthcare practitioner or provider. In addition, violations of the anti-kickback laws may also trigger violations of the Federal and State False Claims Acts, which make it illegal to submit or cause someone to submit any false or fraudulent claim and can result in treble damages in addition to other penalties. While the Federal Government has passed the Physician Self-Referral Law, or the Stark Law, which prohibits certain self-referral activities, several States also have referral, fee splitting and other similar laws that may restrict the payment or receipt of remuneration in connection with the purchase or rental of medical equipment and supplies. State laws vary in scope and have been infrequently interpreted by courts and regulatory agencies, but may apply to all healthcare items or services, regardless of whether Medicare or Medicaid funds are involved.

Moreover, some of our customers ask us to distribute various copay cards and vouchers to physicians or on behalf of patients in order to help reduce patient out of pocket costs. These programs may trigger liability under the Federal anti-kickback laws as well as other State and Federal anti-bribery and other healthcare fraud related laws and rules. The Office of the Inspector General, or the OIG, has recently issued a Special Fraud Alert to the industry informing them that current programs are not acceptable as designed and may subject participants to liability under various laws mentioned herein. In addition, the use of copay cards and coupons have triggered civil suits from various insurance companies and payors who allege that assistance in paying patient copays violate certain contract requirements as well as other civil fraud laws. These cases have not been fully resolved and therefore the practice of implementing these programs brings risk and potential liability to us and our customers.

Industry Guidelines

Some of the services that we currently perform or that we may provide in the future may also be affected by various guidelines established by industry and professional organizations. For example, ethical guidelines established by the American Medical Association, or AMA, govern, among other matters, the receipt by physicians of gifts from health-related entities. These guidelines govern honoraria and other items of economic value that AMA member physicians may receive, directly or indirectly, from pharmaceutical companies. Similar guidelines and policies have been adopted by other professional and industry organizations, such as Pharmaceutical Research and Manufacturers of America, and the Advanced Medical Technology Association and industry trade groups. In addition, the Office of the Inspector General has also issued guidance for pharmaceutical manufacturers and the Accreditation Council for Continuing Medical Education has issued guidelines for providers of continuing medical education.

HIPAA and Other Fraud and Privacy Regulations

Among other things, the Health Insurance Portability and Accountability Act of 1996, as amended, or HIPAA, created two Federal crimes: healthcare fraud and false statements relating to healthcare matters. HIPAA prohibits knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private payors, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement or representation in connection with the delivery of or payment for healthcare benefits, items or services. A violation of this statute is a felony and may result in fines, imprisonment and/or exclusion from government-sponsored programs.

In addition to creating two Federal healthcare crimes, regulations implementing HIPAA and the Health Information Technology for Economic and Clinical Health Act (HITECH) also establish uniform standards governing the conduct of certain electronic healthcare transactions and protecting the security and privacy of individually identifiable health information maintained or transmitted by healthcare providers, health plans and healthcare clearinghouses, which are referred to as “covered entities.” Three standards have been promulgated under HIPAA’s regulations: the Standards for Privacy of Individually Identifiable Health Information, which restrict the use and disclosure of certain individually identifiable health information; the Standards for Electronic Transactions, which establish standards for common healthcare transactions, such as claims information, plan eligibility, payment information and the use of electronic signatures; and the Security Standards, which require covered entities to implement and maintain certain security measures to safeguard certain electronic health information. As a covered entity, and also in our capacity as a business associate to certain of our customers, we are subject to these standards. While the government intended this legislation

to reduce administrative expenses and burdens for the healthcare industry, our compliance with certain provisions of these standards entails significant costs for us, and our failure to comply could lead to enforcement action that could have an adverse effect on our business. If we or our operations are found to be in violation of HIPAA or its implementing regulations, we may be subject to potentially significant penalties, including civil and criminal penalties, damages and fines.

In addition to Federal regulations issued under HIPAA, many States and foreign jurisdictions have enacted privacy and security statutes or regulations that, in some cases, are more stringent than those issued under HIPAA. In those cases, it may be necessary to modify our planned operations and procedures to comply with the more stringent laws. If we fail to comply with applicable State laws and regulations, we could be subject to additional sanctions.

Potential U.S. Food and Drug Administration Regulation of Diagnostics Tests

Both United States Federal and State governmental agencies continue to subject the health care industry to intense regulatory scrutiny, including heightened civil and criminal enforcement efforts. As indicated by work plans and reports issued by these agencies, the Federal government will continue to scrutinize, among other things, the marketing, labeling, promotion, manufacturing and export of molecular diagnostic tests. While subject to oversight by CMS through its enforcement of CLIA, the U.S. Food and Drug Administration (FDA) has claimed regulatory authority over all laboratories that produce LDTs, a type of in vitro diagnostic test that is designed, manufactured and used within a single laboratory. However, the FDA has generally exercised enforcement discretion over all LDTs.

We believe that our molecular diagnostic tests do not currently require FDA approval or clearance. On October 3, 2014, the FDA issued draft guidance expressing its desire to implement a new framework for the regulation of LDTs, which could include pre-market review. While the FDA has historically exercised enforcement discretion over LDTs, there is no guarantee that the FDA will continue to exercise enforcement discretion, as new regulations are being proposed and developed. As these regulations are not yet final, we cannot be sure that the FDA will not require that one or more of our molecular diagnostic tests would require premarket approval. However, since the FDA has issued draft guidance, we understand that the FDA will likely regulate the LDTs at some future point in time. Further, we cannot guarantee that the FDA would consider licensing of our intellectual property as labeling, which would subject our molecular diagnostic tests we supply to FDA regulation including, but not limited to, Product Market Approval.

The FDA has recently proposed a new regulatory oversight framework for LDTs which, if adopted as proposed, will continue the FDA's current enforcement discretion for traditional LDTs that are:

- designed, manufactured and used within a single laboratory;
- manufactured and used by a health care facility laboratory (such as one located in a hospital or clinic) for a patient that is being diagnosed and/or treated at that same health care facility or within the facility's healthcare system;
- comprised only of components and instruments that are legally marketed for clinical use; and
- interpreted by qualified laboratory professionals without the use of automated instrumentation or software for interpretation.

The proposals were subject to public comment until February 2, 2015.

The promotion and advertisement of LDTs are governed by laws and rules related to proper claims and statements related to laboratory products and enforced by the Federal Trade Commission. Failure to meet the laws and rules may also subject us to liability.

Regulations Over Our Pittsburgh and New Haven Laboratories

The conduct and provision of our molecular diagnostic tests are regulated under CLIA. CLIA requires us to maintain Federal certification. CLIA imposes requirements relating to test processes, personnel qualifications, facilities and equipment, recordkeeping, quality assurance and participation in proficiency testing. CLIA compliance and certification are also a condition for participation by clinical laboratories in the Medicare Program and for eligibility to bill for services provided to governmental healthcare program beneficiaries. As a condition of CLIA certification, our laboratory is subject to survey and inspection every other year, in addition to being subject to additional random inspections. The biennial survey is conducted by CMS, a CMS agent (typically a State agency), or, if the laboratory is accredited, a CMS-approved accreditation organization. Sanctions for failure to meet these certification, accreditation and licensure requirements include suspension, revocation or limitation of a laboratory's CLIA certification, accreditation or license, which is necessary to conduct business, cancellation or suspension of the laboratory's ability to receive Medicare or Medicaid reimbursement, as well as imposition of plans to correct deficiencies, injunctive actions

and civil monetary and criminal penalties. The loss or suspension of a CLIA certification, imposition of a fine or other penalties, or future changes in the CLIA law or regulations (or interpretation of the law or regulations) could harm our business.

Our Pittsburgh and New Haven laboratories are also subject to licensing and regulation under Federal, State and local laws relating to hazard communication and employee right-to-know regulations, and the safety and health of laboratory employees. Additionally, our Pittsburgh and New Haven laboratories are subject to applicable Federal and State laws and regulations and licensing requirements relating to the handling, storage and disposal of hazardous waste, radioactive materials and laboratory specimens, including the regulations of the Environmental Protection Agency, the Nuclear Regulatory Commission, the Department of Transportation, the National Fire Protection Agency and the United States Drug Enforcement Administration, or DEA. The use of controlled substances in testing for drugs with a potential for abuse is regulated in the United States by the DEA and by similar regulatory bodies in other parts of the world. Our New Haven and Pittsburgh laboratories using controlled substances for testing purposes are licensed by the DEA. The regulations of the United States Department of Transportation, Public Health Service and Postal Service apply to the surface and air transportation of laboratory specimens.

In addition to its comprehensive regulation of safety in the workplace, the United States Occupational Safety and Health Administration has established extensive requirements relating to workplace safety for healthcare employers whose workers may be exposed to blood-borne pathogens such as HIV and the hepatitis B virus. Although we believe that we are currently in compliance in all material respects with such Federal, State and local laws, failure to comply with such laws could subject us to denial of the right to conduct business, fines, criminal penalties and other enforcement actions.

Further, laboratories that analyze human blood or other biological samples for the diagnosis and treatment of clinical trial subjects must comply with CLIA, as well as requirements established by various States. The failure to meet these requirements may result in civil penalties and suspension or revocation of our CLIA certifications at our New Haven and Pittsburgh laboratories.

Laboratory Testing Licensing Requirements

We are required to maintain State licenses to conduct testing in our Pittsburgh and New Haven laboratories. Pennsylvania and Connecticut laws require that we maintain a license and establish standards for the day-to-day operation of our clinical reference laboratories in Pittsburgh and New Haven, respectively. In addition, our clinical reference laboratory is required to be licensed on a test-specific basis by California and New York. California and New York laws also mandate proficiency testing for laboratories licensed under California and New York State laws, respectively, regardless of whether such laboratories are located in California or New York. We are currently in the process of obtaining licenses from Florida, Maryland and Rhode Island. If we were to lose our CLIA certificate or State licenses for our laboratories, whether as a result of revocation, suspension or limitation, we would no longer be able to perform our molecular diagnostic tests, which would eliminate a source of revenue, this could have a material adverse effect on our business, financial condition and results of operations.

Manufacturing and Promotion Practices

Good Manufacturing Practice regulations set forth in the Code of Federal Regulations impose requirements for proper training, process and operating procedures, as well as government report, investigation and corrective action processes related to the handling of drug products. There are also a variety of laws and rules that govern the development and promotion of our Interpace Diagnostics businesses.

Third Party Coverage and Reimbursement

Our Interpace Diagnostics segment customers bill many different payor groups. The majority of reimbursement dollars for traditional laboratory services are provided by health maintenance organizations, or HMOs, and other managed care plans, as well as government healthcare programs, such as Medicare and Medicaid. HMOs and other managed care plans typically contract with a limited number of laboratories and then designate the laboratory or laboratories to be used for tests ordered by participating physicians. We are currently an out-of-network provider with payors, which means we do not have a contract with payors to pay a specific rate for our tests. We are subject to applicable State laws regarding who should be billed, how they should be billed, how business should be conducted, and how patient obligations regarding cost sharing should be handled. In addition, if we become an “in-network” provider for certain payors in the future, we will also be subject to the terms of contracts (which could include reduced reimbursement rates) and may be subject to discipline, breach of contract actions, non-renewal or other contractually provided remedies for non-compliance with the contract's requirements and/or applicable laws.

We generally bill third-party payors and individual patients for testing services on a test-by-test basis. Third-party payors include Medicare, private insurance companies, institutional direct clients and Medicaid, each of which has different billing requirements. Medicare reimbursement programs are complex and ambiguous, and are continuously being evaluated and modified

by the CMS. Our ability to receive timely reimbursements from third-party payors is dependent on our ability to correct and complete missing and incorrect billing information. Missing and incorrect information on reimbursement submissions slows down the billing process and increases the aging of accounts receivable. We must bill Medicare directly for tests performed for Medicare patients and must accept Medicare's fee schedule for the covered tests as payment in full. State Medicaid programs are generally prohibited from paying more than the Medicare fee schedule. Our Pittsburgh and New Haven laboratories have contracted with a healthcare billing services management company to manage our third-party billing.

There are a number of factors that influence coverage and reimbursement for molecular diagnostic tests. In the United States, the AMA assigns specific Current Procedural Terminology, or CPT, codes, which are necessary for reimbursement of molecular diagnostic tests. Once the CPT code is established, the CMS establishes reimbursement payment levels and coverage rules under Medicaid and Medicare, and private payors establish rates and coverage rules independently. However, the availability of a CPT code is not a guarantee of coverage or adequate reimbursement levels, and the revenues generated from our tests will depend, in part, on the extent to which third-party payors provide coverage and establish adequate reimbursement levels.

United States and other government regulations governing coverage and reimbursement for molecular diagnostic testing may affect directly or indirectly the design of our tests and the potential market for their use. The availability of third-party reimbursement for our tests and services may be limited or uncertain. Third-party payors may deny coverage if they determine that the tests or service has not received appropriate FDA or other government regulatory clearances, is not used in accordance with cost-effective treatment methods as determined by the payor, or is deemed by the third-party payor to be experimental, unnecessary or inappropriate. Furthermore, third-party payors, including Federal and State healthcare programs, government authorities, private managed care providers, private health insurers and other organizations, are increasingly challenging the prices, examining the medical necessity and reviewing the cost-effectiveness of healthcare products and services, including laboratory tests. Such payors may limit coverage of our tests to specific, limited circumstances, may not provide coverage at all, or may not provide adequate reimbursement rates, if covered. Further, one payor's determination to provide coverage does not assure that other payors will also provide coverage for the test. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to maintain our revenue and growth. Coverage policies and third-party reimbursement rates may change at any time.

We do retain healthcare practitioners as key opinion leaders providing consultation in various aspects of the business. These arrangements as any arrangement that includes compensation to a healthcare provider may trigger Federal or State anti-kickback and Stark liability. All arrangements are designed to meet available safe harbors and exceptions provided in the anti-kickback laws and Stark laws respectively. There is no guarantee that the government will find that these arrangements are designed properly or that they do not trigger liability under Federal and State Laws. Under existing laws, all arrangements must have a legitimate purpose and compensation must be fair market value. These terms require some subjective analysis and there is limited available case law or guidance for the application of these laws to the CLIA Laboratory industry. Safe harbors in the anti-kickback laws do not necessarily equate to exceptions in the Stark Law; and there is no guarantee that the government will not have issue with the relationships between the laboratories and the healthcare providers.

The current position of the laboratories is that they do not meet the definition of an "Applicable Manufacturer" under PPACA and therefore are not subject to the disclosure requirements contained in PPACA. However, as new regulations are implemented and diagnostic tests reclassified, this may change and the laboratory business may be subject to PPACA as other companies. There is no guarantee that our interpretation of the Law is now or will be in the future consistent with government guidance and interpretation.

Spam and Junk Fax Laws

The CAN-SPAM Act of 2003, or CAN-SPAM, and Junk Fax laws are designed to impose severe penalties on companies who e-mail or fax documents in certain contexts, such as promotions, where specific procedures are not followed, including language allowing the recipients to opt-out. There have been many class action suits where a single message has been broadcast to thousands of recipients, resulting in extremely large fines. We may periodically communicate promotional and other messages on behalf of our customers. Failure to strictly follow CAN-SPAM and Junk Fax laws may result in material fines and penalties.

Employees

As of February 28, 2015, we had approximately 1,129 employees, including approximately 775 full-time employees. Approximately 90% of our employees are field sales representatives and sales managers. We are not party to a collective bargaining agreement with any labor union.

Corporate History

We were originally incorporated in New Jersey in 1986 and began commercial operations in 1987. In connection with our initial public offering, we re-incorporated in Delaware in 1998. We conduct our Commercial Services segment through our parent company, PDI, Inc. and our wholly-owned subsidiary, PDI BioPharma, LLC, which was formed in New Jersey in 2011. We conduct our Interpace Diagnostics segment through our wholly-owned subsidiaries, Interpace Diagnostics, LLC, which was formed in Delaware in 2013 and Interpace Diagnostics Corporation (formerly known as RedPath Integrated Pathology, Inc. (RedPath)) which was formed in Delaware in 2007.

Available Information

We maintain an internet website at www.pdi-inc.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available free of charge through the "Investor Relations" portion of our website, as soon as reasonably practicable after they are filed with the SEC. The content contained in, or that can be accessed through, our website is not incorporated into this Form 10-K.

ITEM 1A. RISK FACTORS

In addition to the other information provided in this Annual Report on Form 10-K, including our financial statements and the related notes in Part II. - Item 8, you should carefully consider the following factors in evaluating our business, operations and financial condition. Additional risks and uncertainties not presently known to us, which we currently deem immaterial or that are similar to those faced by other companies in our industry or businesses in general, such as competitive conditions, may also impair our business operations. The occurrence of any of the following risks could have a material adverse effect on our business, financial condition, results of operations or cash flows.

INTERPACE DIAGNOSTICS RISKS:

Our Interpace Diagnostics segment has limited revenue, and we expect to incur net losses for the foreseeable future and may never achieve or sustain profitability.

In 2014, we acquired RedPath and certain assets from Asuragen. As a result, our Interpace Diagnostics segment now offers PancraGen™ and ThyGenX. We also have three diagnostic tests in late stage development that are designed to detect genetic alterations that are associated with gastrointestinal cancers and one diagnostic test in late stage development that is designed to detect genetic alterations that are associated with endocrine cancers. The revenue generated from our Interpace Diagnostics segment was $1.5 million for the fiscal year ended December 31, 2014, or 1.2% of our consolidated revenue. Although we expect the revenue generated from our Interpace Diagnostics segment to grow significantly in the future there can be no assurance that this will achieve revenue sufficient to offset expenses. Over the next several years, we expect to continue to devote resources to increase adoption of, and reimbursement for, our molecular diagnostic tests and to develop and acquire additional diagnostic solutions. Our Interpace Diagnostics segment may never achieve or sustain profitability, and our failure to achieve and sustain profitability in the future could have a material adverse effect on our business, financial condition and results of operations.

The financial results of our Interpace Diagnostics segment currently depend solely on sales of our molecular diagnostic tests, and we will need to generate sufficient revenue from these and other diagnostic solutions that we develop or acquire to grow our business.

All of our revenue from our Interpace Diagnostics segment has been derived from the sale of our molecular diagnostic tests, which we launched commercially in the second half of 2014. We have additional molecular diagnostics tests in various stages of research and development, but there can be no assurance that we will be able to successfully commercialize these tests. If we are unable to increase sales of our molecular diagnostic tests, expand reimbursement for these tests, or successfully develop and commercialize other molecular diagnostic tests, our revenue and our ability to achieve and sustain profitability would be impaired, and this could have a material adverse effect on our business, financial condition and results of operations.

Our business strategy involves investing in diagnostic opportunities, which could adversely affect near-term operating results and if not successful, we may not meet our objectives of developing additional recurring and higher margin revenue.

Our business strategy involves an emphasis on in-licensing, acquiring or partnering on product-based opportunities that leverage our extensive product commercialization expertise for the molecular diagnostics industry. These types of opportunities required us to raise and invest capital resources, to acquire licenses or other rights in products, to assess the prospects for commercial

success of products we invested in, and incur additional expenses. Compared to our Commercial Services segment, these activities carry greater risks and uncertainties concerning the ability to achieve additional revenues and profits, may take longer to achieve revenues and profits and therefore may have a short-term adverse effect on profitability.

Potential risks include, but are not limited to:

- the availability of alternative and competing tests or products and technological innovations or other advances in medicine and our ability to compete with them;
- pricing pressures, lower prices offered by competitors, or changes in third-party payor, government payor or private insurer reimbursement policies including potential delays or refusals to pay and uncertainty related to changes in billing codes (CPT codes);
- our ability to establish and maintain sufficient intellectual property rights in our products;
- parties infringing our intellectual property rights or operating outside our intellectual property rights;
- the labs we use being subject to routine governmental oversight and inspections for continued operation pursuant to the Clinical Laboratory Improvement Amendments, or CLIA, to process tests ordered by physicians;
- compliance with applicable Federal and State regulations governing laboratory testing in a timely manner or at all;
- the accuracy rates of such tests, including rates of false negatives and/or false positives;
- concerns regarding the safety and effectiveness or clinical validity of tests;
- changes in the regulatory environment affecting health care and health care providers, including changes in laws regulating laboratory testing and/or device manufacturers;
- general changes or developments in the market for molecular diagnostics;
- identifying tests that can be performed at a reasonable cost;
- our ability to fund necessary research and development activities; and
- our ability to increase commercial acceptance of our molecular diagnostic tests.

There can be no assurance that execution of our strategies, which are intended to diversify our business, will achieve our objectives of adding revenues and increasing margins, either as to amount or timing.

If payors do not provide reimbursement or if we are unable to successfully negotiate reimbursement contracts, our commercial success could be compromised.

Physicians may not order our tests unless payors reimburse a substantial portion of the test price. There is uncertainty concerning third-party reimbursement of any test incorporating new molecular diagnostic technology. Reimbursement by a payor may depend on a number of factors, including a payor's determination that tests such as our molecular diagnostic tests are: (a) not experimental or investigational; (b) appropriate for the patient; (c) cost-effective; (d) supported by peer-reviewed publications; and (e) included in clinical practice guidelines. Since each payor makes its own decision as to whether to establish a policy or enter into a contract to reimburse our test, seeking these approvals is a time-consuming and costly process. We have a contracted rate of reimbursement with some payors. Without a contracted rate for reimbursement, claims may be denied upon submission, and we need to appeal the claims. The appeals process is time consuming and expensive, and may not result in payment. We expect to continue to focus resources on increasing adoption of and coverage and reimbursement for our molecular diagnostic tests. We cannot, however, predict whether, under what circumstances, or at what payment levels payors will reimburse for our molecular diagnostic tests, it at all. In addition, the launch of our molecular diagnostic tests in our PathFinderTG® and miR*Inform*™ platforms and any other new products we may acquire or develop in the future may require that we expend substantial time and resources in order to obtain and retain reimbursement. If we fail to establish broad adoption of and reimbursement for our molecular diagnostic tests, or if we are unable to maintain existing reimbursement from payors, our ability to generate revenue could be harmed and this could have a material adverse effect on our business, financial condition and results of operations.

We may experience limits on our revenue if physicians decide not to order our molecular diagnostic tests.

If we are unable to create or maintain demand for our molecular diagnostic tests in sufficient volume, we may not become profitable. To generate demand, we will need to continue to educate physicians and the medical community on the value and benefits of our molecular diagnostic tests in order to change clinical practices through published papers, presentations at scientific conferences and one-on-one education by our internal sales force. In addition, our ability to obtain and maintain adequate reimbursement from third-party payors will be critical to generating revenue. In many cases, practice guidelines in the United States have recommended therapies or surgery to determine if a patient's condition is malignant or benign. Accordingly, physicians may be reluctant to order a diagnostic test that may suggest surgery is unnecessary. In addition, our Interpace Diagnostics are performed at our laboratories rather than by a pathologist in a local laboratory, so pathologists may be reluctant to support our molecular diagnostic tests. In addition, guidelines for the diagnosis and treatment of thyroid nodules may change to recommend another type of treatment protocol, and these changes may result in medical practitioners deciding not to use our molecular diagnostic tests. These facts may make physicians reluctant to convert to using our molecular diagnostic tests, which could limit our ability to generate revenue and achieve profitability which could have a material adverse effect on our business, financial condition and results of operations.

We may experience limits on our revenue if patients decide not to use our molecular diagnostic tests.

Some patients may decide not to use our molecular diagnostic tests due to price, all or part of which may be payable directly by the patient if the patient's insurer denies reimbursement in full or in part. Many insurers seek to shift more of the cost of healthcare to patients in the form of higher co-payments or premiums. In addition, the current economic environment in the United States has and may continue to result in the loss of healthcare coverage. Implementation of provisions of PPACA also resulted in the loss of health insurance, and increases in premiums and reductions in coverage, for some patients. These events may result in patients delaying or forgoing medical checkups or treatment due to their inability to pay for our test, which could have an adverse effect on our revenue.

If our internal sales force is less successful than anticipated, our business expansion plans could suffer and our ability to generate revenues could be diminished. In addition, we have limited history selling our molecular diagnostics tests on a direct basis and our limited history makes forecasting difficult.

If our internal sales force is not successful, or new additions to our sales team fail to gain traction among our customers, we may not be able to increase market awareness and sales of our molecular diagnostic tests. If we fail to establish our molecular diagnostic tests in the marketplace, it could have a negative effect on our ability to sell subsequent molecular diagnostic tests and hinder the desired expansion of our business. We have limited historical experience forecasting the direct sales of our molecular diagnostics products. Our ability to produce product quantities that meet customer demand is dependent upon our ability to forecast accurately, plan production accordingly and scale our manufacturing efforts.

We rely on sole suppliers for some of the materials used in our molecular diagnostic tests, and we may not be able to find replacements or transition to alternative suppliers in a timely manner.

We rely on sole suppliers for certain materials that we use to perform our molecular diagnostic tests, including Asuragen for our endocrine cancer diagnostic tests pursuant to our supply agreement with them. While we have developed alternate sourcing strategies for these materials and vendors, we cannot be certain whether these strategies will be effective or the alternative sources will be available in a timely manner. If these suppliers can no longer provide us with the materials we need to perform our molecular diagnostic tests and for our collection kits, if the materials do not meet our quality specifications, or if we cannot obtain acceptable substitute materials, an interruption in test processing could occur. Any such interruption may directly impact our revenue and cause us to incur higher costs.

If we are unable to support demand for our molecular diagnostic tests or any of our future tests or solutions, our business could suffer.

As demand for our molecular diagnostic tests or any of our future diagnostic tests or solutions grows, we will need to continue to scale our testing capacity and processing technology, expand customer service, billing and systems processes and enhance our internal quality assurance program. We will also need additional certified laboratory scientists and other scientific and technical personnel to process higher volumes of our molecular diagnostic tests. We cannot assure you that increases in scale, related improvements and quality assurance will be implemented successfully or that appropriate personnel will be available. Failure to implement necessary procedures, transition to new processes or hire the necessary personnel could result in higher costs of processing tests or inability to meet demand. There can be no assurance that we will be able to perform our testing on a timely basis at a level consistent with demand, or that our efforts to scale our operations will not negatively affect the quality of test results. If we encounter difficulty meeting market demand or quality standards, our reputation could be harmed and our future

prospects and our business could suffer, causing a material adverse effect on our business, financial condition and results of operations.

If we are unable to compete successfully, we may be unable to increase or sustain our revenue or achieve profitability.

We compete with physicians and the medical community who use traditional methods to diagnose gastrointestinal and endocrine cancers. In many cases, practice guidelines in the United States have recommended therapies or surgery to determine if a patient's condition is malignant or benign. As a result, we believe that we will need to continue to educate physicians and the medical community on the value and benefits of our molecular diagnostic tests in order to change clinical practices. In addition, we face competition from other companies that offer diagnostic tests. Specifically, in regard to our thyroid diagnostic tests, Veracyte has thyroid nodule cancer diagnostic tests that compete with our ThyGenX™ test, which is currently on the market, and our ThyraMir™ test, which we intend to bring to the market by the second half of 2015, and Veracyte is developing additional tests aimed at FNAs for thyroid cancer. Quest currently offers a diagnostic test similar to the earlier version of our ThyGenX™ test and CBL is offering a diagnostic test that analyzes genetic alterations using next-generation sequencing.

It is also possible that we face future competition from LDTs developed by commercial laboratories such as Quest and LabCorp and/or other diagnostic companies developing new tests or technologies. Furthermore, we may be subject to competition as a result of the new, unforeseen technologies that can be developed by our competitors in the gastrointestinal and endocrine cancer molecular diagnostic tests space.

To compete successfully we must be able to demonstrate, among other things, that our molecular diagnostic test results are accurate and cost effective, and we must secure a meaningful level of reimbursement for our test. Since our Interpace Diagnostics segment began in 2014, many of our potential competitors have stronger brand recognition and greater financial capabilities than we do. Others may develop a test with a lower price than ours that could be viewed by physicians and payors as functionally equivalent to our molecular diagnostic tests, or offer a test at prices designed to promote market penetration, which could force us to lower the price of our molecular diagnostic tests, which would affect our ability to achieve and maintain profitability. If we are unable to compete successfully against current and future competitors, we may be unable to increase market acceptance of our molecular diagnostic tests and overall sales, which could prevent us from increasing our revenue or achieving profitability and could cause the market price of our common stock to decline.

Developing new molecular diagnostic tests involves a lengthy and complex process, and we may not be able to commercialize on a timely basis, or at all, other molecular diagnostic tests we are developing.

Developing new molecular diagnostic tests and solutions will require us to devote considerable resources to research and development. We may face challenges obtaining sufficient numbers of samples to validate a newly acquired or developed molecular diagnostic test. In order to develop and commercialize molecular diagnostic tests, we need to:

- expend significant funds to conduct substantial research and development;
- conduct successful analytical and clinical studies;
- scale our laboratory processes to accommodate new molecular diagnostic tests; and
- build the commercial infrastructure to market and sell new molecular diagnostic tests.

Typically, few research and development projects result in commercial products, and success in early clinical studies often is not replicated in later studies. At any point, we may abandon development of a molecular diagnostic test or we may be required to expend considerable resources repeating clinical studies, which would adversely affect the timing for generating revenue such new test. If a clinical validation study fails to demonstrate the prospectively defined endpoints of the study or if we fail to sufficiently demonstrate analytical validity, we might choose to abandon the development of the molecular diagnostic test, which could harm our business. In addition, competitors may develop and commercialize competing molecular diagnostic tests faster than us or at a lower cost, which could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to develop or acquire molecular diagnostic tests to keep pace with rapid technological, medical and scientific change, our operating results and competitive position could be affected.

Recently, there have been numerous advances in technologies relating to diagnostics, particularly diagnostics that are based on genomic information. These advances require us to continuously develop our technology and to work to develop new solutions to keep pace with evolving standards of care. Our solutions could become obsolete unless we continually innovate and expand our product offerings to include new clinical applications. If we are unable to develop or acquire new molecular diagnostic tests or to demonstrate the applicability of our molecular diagnostic tests for other diseases, our sales could decline and our competitive position could be harmed.

If the FDA were to begin regulating our molecular diagnostic tests, we could incur substantial costs and delays associated with trying to obtain premarket clearance or approval.

Clinical laboratory tests like our molecular diagnostic tests are regulated under CLIA as well as by applicable State laws. Most LDTs are currently not subject to FDA regulation (although reagents, instruments, software or components provided by third parties and used to perform LDTs may be subject to regulation). Although the FDA has never defined what qualifies as an LDT, we believe that our molecular diagnostic tests are LDTs. As a result, we believe our molecular diagnostic tests should not be subject to regulation in accordance with the FDA's current policy of exercising enforcement discretion regarding LDTs. The FDA has indicated that it may revisit its current policy and planned to issue guidance that, when finalized, would adopt a risk-based framework that would increase FDA oversight of LDTs. The proposals were subject to public comment until February 2, 2015. We cannot provide any assurance that FDA regulation will not be required in the future for our tests, whether through additional guidance or regulations issued by the FDA, new enforcement policies adopted by the FDA or new legislation enacted by Congress. It is possible that legislation will be enacted into law, regulations could be promulgated or guidance could be issued by the FDA which may result in increased regulatory burdens for us to continue to offer our molecular diagnostic tests or to develop and introduce new tests. We cannot predict the timing or content of future legislation enacted, regulations promulgated or guidance issued regarding LDTs, or how it will affect our business. If premarket review is required by the FDA or if we decide to voluntarily pursue FDA premarket review of our tests, there can be no assurance that our molecular diagnostic tests or any tests we may develop or acquire in the future will be cleared or approved on a timely basis, if at all, nor can there be assurance that labeling claims will be consistent with our current claims or adequate to support continued adoption of and reimbursement for our tests. If our tests are allowed to remain on the market but there is uncertainty in the marketplace about our tests, if we are required by the FDA to label them investigational, or if labeling claims the FDA allows us to make are limited, orders may decline and reimbursement may be adversely affected. Continued compliance with FDA regulations would increase the cost of conducting our business, and subject us to heightened regulation by the FDA and penalties for failure to comply with these requirements. We cannot predict the timing or form of any such guidance or regulation, or the potential effect on our existing molecular diagnostic tests or our tests in development, or the potential impact of such guidance or regulation on our business, financial condition and results of operations.

If we fail to comply with Federal, State and foreign laboratory licensing requirements, we could lose the ability to perform our tests or experience disruptions to our business.

We are subject to CLIA, a Federal law that regulates clinical laboratories that perform testing on specimens derived from humans for the purpose of providing information for the diagnosis, prevention or treatment of disease. CLIA regulations mandate specific standards in the areas of personnel qualifications, administration, and participation in proficiency testing, patient test management and quality assurance. CLIA certification is also required in order for us to be eligible to bill Federal and State healthcare programs, as well as many private third-party payors, for our molecular diagnostic tests. To renew these certifications, we are subject to survey and inspection every two years. Moreover, CLIA inspectors may make random inspections of our clinical reference laboratories. We are also required to maintain State licenses to conduct testing in our New Haven laboratory. Connecticut law requires that we maintain a license and establishes standards for the day-to-day operation of our clinical reference laboratory in New Haven Connecticut. In addition, our Pittsburgh and New Haven laboratories are required to be licensed on a test-specific basis by California and New York. California and New York laws also mandate proficiency testing for laboratories licensed under California and New York State laws, respectively, regardless of whether such laboratories are located in California or New York. We are currently in the process of obtaining licenses from Florida, Maryland and Rhode Island. If we were to lose our CLIA certificate or State licenses for our laboratories, whether as a result of revocation, suspension or limitation, we would no longer be able to perform our molecular diagnostic tests, this could have a material adverse effect on our business, financial condition and results of operations.

Recent legislation reforming the U.S. healthcare system, may have a material adverse effect on our financial condition and operations.

PPACA makes changes that are expected to significantly impact the pharmaceutical, medical device and clinical laboratory industries. Some of the significant measures contained in PPACA include, for example, a sales tax on medical devices listed with the FDA and a reduction in certain payments for clinical references laboratories. PPACA further includes significant fraud and abuse measures, including required disclosures of financial arrangements with physician customers, lower thresholds for violations and increasing potential penalties for such violations. In addition, PPACA establishes an Independent Payment Advisory Board to reduce the per capita rate of growth in Medicare spending.

Moreover, we do not believe that our laboratories are currently subject to the disclosure requirements contained in PPACA because they do not currently meet the definition of an "Applicable Manufacturer" under PPACA. However, as new regulations are implemented and diagnostic tests reclassified, this may change and the laboratory business may be subject to PPACA as are other

companies. Furthermore, there is no guarantee that our interpretation of the PPACA is now or will be in the future consistent with government guidance and interpretation.

We are monitoring the effect of PPACA to determine the trends and changes that may be necessitated by the legislation, any of which may potentially affect our business. In addition to PPACA, the effect of which on our business cannot presently be fully quantified, various healthcare reform proposals have also emerged from Federal and State governments, the impact of which is difficult to determine.

Complying with numerous statutes and regulations pertaining to our Interpace Diagnostics segment is an expensive and time-consuming process, and any failure to comply could result in substantial penalties.

We are subject to regulation by both the Federal government and the States in which we conduct our Interpace Diagnostics segment, including:

- The FDC Act, as supplemented by various other statutes;
- The PDMA;
- CLIA and State licensing requirements;
- Manufacturing and promotion laws;
- Billing and payment regulations applicable to clinical laboratories;
- the Federal anti-kickback law and State anti-kickback prohibitions;
- the Federal physician self-referral prohibition, commonly known as the Stark Law, and State law equivalents;
- HIPAA and other fraud and privacy regulations;
- the Medicare civil money penalty and exclusion requirements;
- the Federal False Claims Act civil and criminal penalties and State equivalents; and
- Spam and Junk Fax Laws.

We have implemented policies and procedures designed to comply with these laws and regulations. We periodically conduct internal reviews of our compliance with these laws. Our compliance is also subject to governmental review. The growth of our business and commercialization organization may increase the potential of violating these laws or our internal policies and procedures. The risk of our being found in violation of these or other laws and regulations is further increased by the fact that many have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action brought against us for violation of these or other laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. If our operations are found to be in violation of any of these laws and regulations, we may be subject to civil and criminal penalties, damages and fines, we could be required to refund payments received by us, and we could even be required to cease our operations. Any of the foregoing consequences could have a material adverse effect on our business, financial condition and results of operations.

A failure to comply with Federal and State laws and regulations pertaining to our payment practices could result in substantial penalties.

We retain healthcare practitioners as key opinion leaders providing consultation in various aspects of our business. These arrangements as any arrangement that includes compensation to a healthcare provider may trigger Federal or State anti-kickback and Stark Law liability. All arrangements are designed to meet available safe harbors and exceptions provided in the anti-kickback laws and Stark Laws, respectively. However, there are no guarantees that the Federal or State governments will find that these arrangements are designed properly or that they do not trigger liability under Federal and State laws. Under existing laws, all arrangement must have a legitimate purpose and compensation must be fair market value. These terms require some subjective analysis and there is limited available case law or guidance for the application of these laws to the CLIA laboratory industry. Safe harbors in the anti-kickback laws do not necessarily equate to exceptions in the Stark Law, and there is no guarantee that the government will agree with our payment practices with respect to the relationships between our laboratories and the healthcare providers.

If we use hazardous materials in a manner that causes contamination or injury, we could be liable for resulting damages.

We are subject to Federal, State and local laws, rules and regulations governing the use, discharge, storage, handling and disposal of biological material, chemicals and waste. We cannot eliminate the risk of accidental contamination or injury to employees or third parties from the use, storage, handling or disposal of these materials. In the event of contamination or injury, we could be held liable for any resulting damages, remediation costs and any related penalties or fines, and any liability could exceed our resources or any applicable insurance coverage we may have. The cost of compliance with these laws and regulations may become

significant, and our failure to comply may result in substantial fines or other consequences, and either could have a significant impact on our operating results.

Security breaches, loss of data and other disruptions to us or our third-party service providers could compromise sensitive information related to our business or prevent us from accessing critical information and expose us to liability, which could adversely affect our business and our reputation.

Our business requires that we and our third-party service providers collect and store sensitive data, including legally protected health information, personally identifiable information about patients, credit card information, and our proprietary business and financial information. We face a number of risks relative to our protection of, and our service providers' protection of, this critical information, including loss of access, inappropriate disclosure and inappropriate access, as well as risks associated with our ability to identify and audit such events. The secure processing, storage, maintenance and transmission of this critical information is vital to our operations and business strategy, and we devote significant resources to protecting such information. Although we take measures to protect sensitive information from unauthorized access or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or otherwise breached due to employee error, malfeasance or other activities. While we have not experienced any such attack or breach, if such event would occur and cause interruptions in our operations, our networks would be compromised and the information we store on those networks could be accessed by unauthorized parties, publicly disclosed, lost or stolen. Unauthorized access, loss or dissemination could disrupt our operations, including our ability to process tests, provide test results, bill payors or patients, process claims, provide customer assistance services, conduct research and development activities, collect, process and prepare company financial information, provide information about our solution and other patient and physician education and outreach efforts through our website, manage the administrative aspects of our business and damage our reputation, any of which could adversely affect our business. In addition, the interpretation and application of consumer, health-related and data protection laws in the United States are often uncertain, contradictory and in flux. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices, systems and compliance procedures in a manner adverse to our business.

If we breach the Asuragen License Agreement or the CPRIT License Agreement, it could have a material adverse effect on our commercialization efforts for our miRInform™ thyroid and pancreas cancer diagnostic tests and other tests in development for thyroid cancer, and the sale of diagnostic devices and the performance of certain services relating to thyroid cancer.

We currently license certain patents and know-how from Asuragen relating to (i) miRInform™ thyroid and pancreas cancer diagnostic tests and other tests in development for thyroid cancer, and (ii) the sale of diagnostic devices and the performance of certain services relating to thyroid cancer. No royalty or other payments or fees are payable under the Asuragen License Agreement. Under the CPRIT License Agreement, we are obligated to pay 5% of net sales on sales of diagnostic devices and the performance of services relating to thyroid cancer, subject to a maximum deduction of 1.5% for royalties paid to third parties. Both of the Asuragen License Agreement and the CPRIT License Agreement continue until terminated by (i) mutual agreement of the parties or (ii) either party in the event of material breach of the respective agreement by the other party. If we materially breach or fail to perform any provision under these license agreements, Asuragen will have the right to terminate our licenses, and upon the effective date of such termination, our right to practice the licensed patent rights would end. To the extent such licensed patent rights relate to our molecular diagnostic tests currently on the market, we would expect to exercise all rights and remedies available to us, including attempting to cure any breach by us, and otherwise seek to preserve our rights under the patent rights and other technology licensed to us, but we may not be able to do so in a timely manner, at an acceptable cost to us or at all. Any uncured, material breach under these license agreements could result in our loss of rights to practice the patent rights licensed to us under these license agreements, and to the extent such patent rights and other technology relate to our molecular diagnostic tests currently on the market, it could have a material adverse effect on our commercialization efforts for our commercialization efforts for our miRInform™ thyroid and pancreas cancer diagnostic tests and other tests in development for thyroid cancer, and the sale of diagnostic devices and the performance of certain services relating to thyroid cancer.

If we are unable to protect our intellectual property effectively, our business would be harmed.

We rely on patent protection as well as trademark, trade secret and other intellectual property rights protection and contractual restrictions to protect our proprietary technology. These efforts provide limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. If we fail to protect our intellectual property, third parties may be able to compete more effectively against us and we may incur substantial litigation costs in our attempts to recover or restrict use of our intellectual property. While we apply for patents covering our products and technologies and uses thereof, we may fail to apply for patents on important products and technologies in a timely fashion or at all, or we may fail to apply for patents in relevant jurisdictions. Others could seek to design around our current or future patented technologies. We may not be successful in

defending any challenges made against our patents or patent applications. Any successful third-party challenge to our patents could result in the unenforceability or invalidity of such patents and increased competition to our business. The outcome of patent litigation can be uncertain and any attempt by us to enforce our patent rights against others may not be successful, or, if successful, may take substantial time and result in substantial cost, and may divert our efforts and attention from other aspects of our business.

The patent positions of companies engaged in the development and commercialization of molecular diagnostic tests, like our molecular diagnostic tests in our PathFinderTG® and miRInform™ platforms, are particularly uncertain. The U.S. Supreme Court and district courts have recently rendered decisions that affect the scope of patentability of certain inventions or discoveries relating to certain diagnostic tests and related methods. These decisions State, among other things, that patent claims that solely recite laws of nature without an additional inventive concept are not themselves patentable. What constitutes a law of nature and a sufficient inventive concept remains uncertain, and it is possible that certain aspects of molecular diagnostics tests would be considered natural laws. Accordingly, the evolving interpretation of patent laws in the United States governing the eligibility of diagnostics for patent protection may adversely affect our ability to obtain patents and may facilitate third-party challenges to any owned and licensed patents. Changes in either the patent laws or in interpretations of patent laws may diminish the value of our intellectual property. We cannot predict the breadth of claims that may be allowed or enforceable in our patents or in third-party patents. We may not develop or acquire additional proprietary products, methods and technologies that are patentable.

Monitoring unauthorized disclosure is difficult, and we do not know whether the steps we have taken to prevent such disclosure are, or will be, adequate. If we were to enforce a claim that a third-party had illegally obtained and was using our trade secrets, it would be expensive and time consuming, and the outcome would be unpredictable. Further, competitors could willfully infringe our intellectual property rights, design around our protected technology or develop their own competitive technologies that arguably fall outside of our intellectual property rights. Others may independently develop similar or alternative products and technologies or replicate any of our products and technologies. If our intellectual property does not adequately protect us against competitors' products and methods, our competitive position could be adversely affected, as could our business and the results of our operations. To the extent our intellectual property offers inadequate protection, or is found to be invalid or unenforceable, we would be exposed to a greater risk of competition. If our intellectual property does not provide adequate coverage of our competitors' products, our competitive position could be adversely affected, as could our overall business. Both the patent application process and the process of managing patent disputes can be time consuming and expensive.

We may be involved in litigation related to intellectual property, which could be time-intensive and costly and may adversely affect our business, operating results or financial condition.

We may receive notices of claims of direct or indirect infringement or misappropriation or misuse of other parties' proprietary rights from time to time and some of these claims may lead to litigation. We cannot assume that we will prevail in such actions, or that other actions alleging misappropriation or misuse by us of third-party trade secrets, infringement by us of third-party patents and trademarks or other rights, or the validity of our patents, trademarks or other rights, will not be asserted or prosecuted against us. We might not have been the first to make the inventions covered by each of our pending patent applications and we might not have been the first to file patent applications for these inventions. No assurance can be given that other patent applications will not have priority over our patent applications. If third parties bring these proceedings against our patents, we could incur significant costs and experience management distraction. Litigation may be necessary for us to enforce our patent and proprietary rights or to determine the scope, coverage and validity of the proprietary rights of others. The outcome of any litigation or other proceeding is inherently uncertain and might not be favorable to us, and we might not be able to obtain licenses to technology that we require on acceptable terms or at all. In addition, if we resort to legal proceedings to enforce our intellectual property rights or to determine the validity, scope and coverage of the intellectual property or other proprietary rights of others, the proceedings could be burdensome and expensive, even if we were to prevail. Any litigation that may be necessary in the future could result in substantial costs and diversion of resources and could have a material adverse effect on our business, financial condition and operating results.

In the event of a successful claim of infringement against us, we may be required to pay damages and ongoing royalties, and obtain one or more licenses from third parties, or be prohibited from selling our products. We may not be able to obtain these licenses on acceptable terms, if at all. We could incur substantial costs related to royalty payments for licenses obtained from third parties, which could negatively affect our financial results. In addition, our agreements with some of our customers, suppliers or other entities with whom we do business require us to defend or indemnify these parties to the extent they become involved in infringement claims, including the types of claims described above. If we are required or agree to defend or indemnify third parties in connection with any infringement claims, we could incur significant costs and expenses that could have a material adverse effect on our business, financial condition, and results of operations.

If we are sued for product liability or errors and omissions liability, we could face substantial liabilities that exceed our resources.

The marketing, sale and use of our molecular diagnostic tests could lead to product liability claims if someone were to allege that the test failed to perform as it was designed. We may also be subject to liability for errors in the results we provide to physicians or for a misunderstanding of, or inappropriate reliance upon, the information we provide. A product liability or errors and omissions liability claim could result in substantial damages and be costly and time consuming for us to defend. Although we maintain product liability and errors and omissions insurance, we cannot be certain that our insurance would fully protect us from the financial impact of defending against these types of claims or any judgments, fines or settlement costs arising out of such claims. Any product liability or errors and omissions liability claim brought against us, with or without merit, could increase our insurance rates or prevent us from securing insurance coverage in the future. Additionally, any product liability lawsuit could cause injury to our reputation or cause us to suspend sales of our products and solutions. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

We will need to grow the size and complexity of our organization as a result of our acquisition of RedPath and certain assets from Asuragen, and we may experience difficulties in managing this growth or in maintaining our focus on our Commercial Services and Interpace Diagnostics segments, which could make it difficult to execute our business strategy.

As a result of adding our Interpace Diagnostics segments in 2014, we will need to increase the size and complexity of our organization to assist with the expansion of our operations. The anticipated future growth of our business will impose significant added responsibilities on management, including the need to identify, recruit, train and integrate additional employees. In addition, rapid and significant growth may place strain on our administrative and operational infrastructure. Our ability to manage our business and growth will require us to continue to improve our operational, financial and management controls, reporting systems and procedures. Our failure to manage this growth effectively could have an adverse effect on our ability to effectively service and/or provide molecular diagnostic tests to our customers, which could harm our business, financial condition and results of operations.

Billing for our diagnostic solution is complex, and we must dedicate substantial time and resources to the billing process to be paid for our test.

Billing for clinical laboratory testing services is complex, time consuming and expensive. Depending on the billing arrangement and applicable law, we bill various payors, including Medicare, insurance companies and patients, all of which have different billing requirements. To the extent laws or contracts require us to bill patient co-payments or co-insurance, we must also comply with these requirements. We may also face increased risk in our collection efforts, including write-offs of doubtful accounts and long collection cycles, which could have a material adverse effect on our business, results of operations and financial condition. Among others, the following factors make the billing process complex:

- differences between the list price for our molecular diagnostic tests and the reimbursement rates of payors;
- compliance with complex Federal and State regulations related to billing Medicare;
- disputes among payors as to which party is responsible for payment;
- differences in coverage among payors and the effect of patient co-payments or co-insurance;
- differences in information and billing requirements among payors;
- incorrect or missing billing information; and
- the resources required to manage the billing and claims appeals process.

As we introduce new molecular diagnostic tests, we will need to add new codes to our billing process as well as our financial reporting systems. Failure or delays in effecting these changes in external billing and internal systems and processes could negatively affect our revenue and cash flow. Additionally, our billing activities require us to implement compliance procedures and oversight, train and monitor our employees, challenge coverage and payment denials, assist patients in appealing claims, and undertake internal audits to evaluate compliance with applicable laws and regulations as well as internal compliance policies and procedures. Payors also conduct external audits to evaluate payments, which add further complexity to the billing process. These billing complexities, and the related uncertainty in obtaining payment for our diagnostic solution, could negatively affect our revenue and cash flow, our ability to achieve profitability, and the consistency and comparability of our results of operations.

We rely on a third-party to process and transmit claims to payors, and any delay in either could have an adverse effect on our revenue.

We rely on a third-party provider to provide overall processing of claims and to transmit the actual claims to payors based on the specific payor billing format. If claims for our molecular diagnostic tests are not submitted to payors on a timely basis, or if we

are required to switch to a different provider to handle claim submissions, we may experience delays in our ability to process these claims and receipt of payments from payors, which would have a material adverse effect on our business, financial condition and results of operations.

COMMERCIAL SERVICES RISKS:

Our Commercial Services contracts are generally cancelable at any time, which may result in lost revenue and additional costs and expenses.

Our Commercial Services contracts are generally for a term of one to three years (certain of our contracts have a shorter duration) and many may be terminated by the customer at any time for any reason. In addition, many of our customers may internalize the contracted sales teams we provide under the terms of the contract or otherwise significantly reduce the number of sales representatives we deploy on their behalf. The early termination or significant reduction of a contract by one of our customers not only would result in lost revenue, but also cause us to incur additional costs and expenses, such as termination expenses relating to excess employee capacity. All of our sales representatives are employees rather than independent contractors. Accordingly, when a contract is significantly reduced or terminated, unless we can immediately transfer the related sales force to a new program, if permitted under the contract, we must either continue to compensate those employees, without realizing any related revenue, or terminate their employment. If we terminate their employment, we may incur significant expenses relating to their termination. The loss, termination or significant reduction of a large contract or the loss or termination of multiple contracts could have a material adverse effect on our business and results of operations.

If we do not meet performance goals established in our incentive-based arrangements with our Commercial Services customers, or potential future revenue-sharing arrangements with customers, our revenue could be materially and adversely affected.

We have entered into a number of incentive-based arrangements with our Commercial Services customers. Under incentive-based arrangements, we are typically paid a lower fixed fee and, in addition, have an opportunity to earn additional compensation upon achieving specific performance goals with respect to the products being detailed. Typically, these performance goals relate to targeted sales or prescription volumes, sales force performance metrics or a combination thereof. In addition, although not currently a party to such arrangements, we have entered into revenue sharing arrangements in the past and may in the future enter into revenue sharing arrangements with customers. Under revenue sharing arrangements, we have been typically paid a fixed fee covering all or a portion of our direct costs with our remaining compensation based on the market performance of the products being promoted by us, usually expressed as a percentage of product sales. These incentive-based and revenue sharing arrangements transfer some or most of the market risk from our customers to us. In addition, these arrangements can result in variability in revenue and earnings due to seasonality of product usage, changes in market share, new product introductions (including the introduction of competing generic products into the market), overall promotional efforts and other market-related factors. If we are unable to meet the future performance goals established in our incentive-based arrangements or the market performance goals in our revenue sharing arrangements, our revenue could be materially and adversely affected. During the periods presented in this Annual Report on Form 10-K the revenue at risk under performance goals was not material to the Company.

Additionally, certain of our service contracts may contain penalty provisions pursuant to which our fixed fees may be significantly reduced if we do not meet certain minimum performance metrics, which may include the number and timing of sales calls, physician reach, territory vacancies and/or sales representative turnover.

Changes in outsourcing trends in the pharmaceutical, biotechnology or healthcare industries could materially and adversely affect our business, financial condition and results of operations.

Our Commercial Services segment depends, in large part, on demand from the pharmaceutical, biotechnology and healthcare industries for outsourced promotional services. The practice of many companies in these industries has been to hire outside organizations like PDI to conduct large sales and marketing projects on their behalf. However, companies may elect to perform these services internally for a variety of reasons, including the rate of new product development and FDA approval of those products, the number of sales representatives employed internally in relation to demand, the need to promote new and existing products, and competition from other suppliers. We have previously impacted significantly and adversely in previous years when several large pharmaceutical companies made changes to their commercial model by reducing the number of sales representatives employed internally and through outside organizations like PDI. These and other developments within the pharmaceutical industry have resulted in volatility in the market for outsourced sales and marketing services during the last few years, and there can be no assurances regarding the continuation, timing or extent of any changes of these trends. If companies in the pharmaceutical, biotechnology or healthcare industries reduce their demand for outsourcing services, our business, financial condition and results of operations could be materially and adversely affected.

If companies in the pharmaceutical, biotechnology or healthcare industries significantly reduce their promotional, marketing and sales expenditures or significantly reduce or eliminate the role of sales representatives in the promotion of their products, our business and results of operations could be materially and adversely affected.

Our Commercial Services revenues depend, in large part, on promotional, marketing and sales expenditures by companies in the pharmaceutical, biotechnology and healthcare industries. Promotional, marketing and sales expenditures by pharmaceutical manufacturers have in the past been, and could in the future be, negatively impacted by, among other things, governmental reform or private market initiatives intended to reduce the cost of pharmaceutical products or by governmental, medical association or pharmaceutical industry initiatives designed to regulate the manner in which pharmaceutical manufacturers promote their products as well as the high level of patent expiration and related introduction of generic versions of branded medicine within the industry. Furthermore, the trend in the pharmaceutical, biotechnology and healthcare industries toward consolidation may result in a reduction in overall sales and marketing expenditures and, potentially, a reduction in the use of outsourced sales and marketing services providers. This reduction in demand for outsourced sales and marketing services could be further exacerbated by the current economic condition of the United States and foreign countries. If companies in the pharmaceutical, biotechnology or healthcare industries significantly reduce their promotional, marketing and sales expenditures or significantly reduce or eliminate the role of sales representatives in the promotion of their products, our business and results of operations could be materially and adversely affected.

If our Commercial Services customers continue to experience increased competition from manufacturers of generic drugs, our business, financial condition and results of operations could be materially and adversely impacted.

Our Commercial Services revenues depend on promotional, marketing and sales expenditures by companies in the pharmaceutical, biotechnology and healthcare industries. Promotional, marketing and sales expenditures by pharmaceutical manufacturers have in the past been, and could in the future be, negatively impacted by the introduction of generic versions of branded medicines. This generic competition may occur upon the expiration or loss of patent protection, or in certain circumstances, upon the "at-risk" launch by a generic manufacturer of a generic version of a product we are promoting. The timing or impact of generic competition cannot be accurately predicted by us or our customers and could cause our customers to introduce cost cutting initiatives that result in reduced demand for our outsourced promotional services, or lead to the early termination of existing contracts, which could materially and adversely affect our business, financial condition and results of operations.

The industries in which our Commercial Services segment operates in is highly competitive and our failure to address competitive developments may reduce our market share, which could have a material adverse effect on our business and results of operations.

Our primary competitors for sales and marketing services include in-house sales and marketing departments of pharmaceutical, biotechnology and healthcare companies, other contract sales organizations (CSOs) and providers of marketing and related services. Most of our current and potential competitors are larger than us and have substantially greater capital, personnel and other resources than we have and certain of our competitors currently offer a broader range of personal and non-personal promotional and other related promotional services than we do. Additionally, certain of our competitors provide services on a global basis at the request of pharmaceutical, biotechnology and healthcare customers. Our inability to continue to remain competitive with respect to the range of service offerings that we can provide companies within the pharmaceutical, biotechnology and healthcare industries on a global basis or any other factors that result in increased competition may reduce our market share, which could have a material adverse effect on our business and result of results of operations.

Enacted healthcare reform legislation may increase our costs, impair our ability to adjust our pricing to match with any such increased costs, and therefore could materially and adversely affect our business, financial condition and results of operations.

PPACA entails sweeping healthcare reforms with staggered effective dates from 2010 through 2018, although certain of these effective dates have been delayed by action of the current administration. While some guidance has been issued under PPACA over the past several years, many provisions in PPACA require the issuance of additional guidance from the U.S. Department of Labor, the Internal Revenue Service, the U.S. Department of Health & Human Services, and State governments. This reform includes, but is not limited to: the implementation of a small business tax credit; required changes in the design of our healthcare policy including. providing insurance coverage to part-time workers working on average thirty (30) or more hours per week; "grandfathering" provisions for existing policies; "pay or play" requirements; and a "Cadillac plan" excise tax.

Effective January 1, 2014, each State was required to participate in the PPACA marketplace and make health insurance coverage available for purchase by eligible individuals through a website. While these websites were subject to significant administrative

issues leading up to their inception dates (and, in some cases, thereafter), it is currently estimated that in excess of three million individuals nationwide have sought health insurance coverage through these exchanges. It is unclear, however, how many of these individuals actually attained health insurance coverage or whether such individuals are becoming insured after previously not having health insurance coverage.

PPACA also requires "Applicable Manufacturers" to disclose to the Secretary of the Department of Health & Human Services drug sample distributions and certain payments or transfers of value to covered recipients (physicians and teaching hospitals) on an annual basis. "Applicable Manufacturers" and "Applicable Group Purchasing Organizations" must also disclose certain physician ownership or investment interests. The data submitted will ultimately be made available on a public website. Based upon the structure of its relationship with its clients, PDI may be defined as an "Applicable Manufacturer" for purposes of the disclosure requirements or may provide services that include the transfer of drug samples and/or other items of value to covered recipients. As such, we may be required to disclose or provide information that is subject to disclosure. There may be certain risks and penalties associated with the failure to properly make such disclosures, including but not limited to the specific civil liabilities set forth in PPACA, which allows for a maximum civil monetary penalty per "Applicable Manufacturer" of $1,150,000. There may be additional risks and claims made by third parties derived from an improper disclosure that are difficult to ascertain at this time.

In June 2012, the United States Supreme Court upheld the constitutionality of key provisions of PPACA. PPACA contains numerous other initiatives that impact the pharmaceutical industry. These include, among other things:

- increasing existing price rebates in Federally funded health care programs;
- expanding rebates, or other pharmaceutical company discounts, into new programs;
- imposing a new non-deductible excise tax on sales of certain prescription pharmaceutical products by prescription drug manufacturers and importers;
- reducing incentives for employer-sponsored health care;
- creating an independent commission to propose changes to Medicare with a particular focus on the cost of biopharmaceuticals in Medicare Part D;
- providing a government-run public option with biopharmaceutical price-setting capabilities;
- allowing the Secretary of Health and Human Services to negotiate drug prices within Medicare Part D directly with pharmaceutical manufacturers;
- reducing the number of years of data exclusivity for innovative biological products potentially leading to earlier biosimilar competition; and
- increasing oversight by the FDA of pharmaceutical research and development processes and commercialization tactics.

While PPACA may increase the number of patients who have insurance coverage for the products we promote, its cost containment measures could also adversely affect reimbursement for any of our customers' products. Cost control initiatives could decrease the price that our customers receive for any products they may develop in the future. If our customers' products are not considered cost-effective or if they are unable to generate adequate third-party reimbursement for the users of their products, then our customers may be unable to maintain price levels sufficient to realize an appropriate return on investment for their products. Our customers could impose margin pressures on us in an effort to recoup a portion of their return on investment, which would have an adverse impact on our business.

We are currently unable to determine the long-term, direct or indirect impact of such legislation on our business. Since the effect of many of the provisions of PPACA may not be determinable for a number of years, we do not expect PPACA to have a material adverse impact on our near term results of operations. However, healthcare reform as mandated and implemented under PPACA and any future federal or state mandated healthcare reform could materially and adversely affect our business, financial condition and results of operations by increasing our costs, hindering our ability to effectively match our cost of providing health insurance with our pricing and impeding our ability to attract and retain customers as well as potentially changing our business model or causing us to lose certain current competitive advantages.

Changes in governmental regulation could negatively impact our business operations and increase our costs.

The pharmaceutical, biotechnology and healthcare industries are subject to a high degree of governmental regulation. Significant changes in these regulations affecting the services we provide, including product promotional, marketing research services and physician interaction programs, could result in the imposition of additional restrictions on these types of activities, additional costs to us in providing these services to our customers or otherwise negatively impact our business operations. Changes in governmental regulations mandating price controls and limitations on patient access to our customers' products could also reduce, eliminate or otherwise negatively impact our customers' utilization of our sales and marketing services.

Our failure, or that of our customers, to comply with applicable healthcare regulations could limit, prohibit or otherwise adversely impact our business activities and could result in substantial penalties.

Various laws, regulations and guidelines established by government, industry and professional bodies affect, among other matters, the provision, licensing, labeling, marketing, promotion, sale and distribution of healthcare services and products, including pharmaceutical products. The healthcare industry also is regulated by various Federal and State laws pertaining to healthcare fraud and abuse, including prohibitions on the payment or acceptance of kickbacks or other remuneration in return for the purchase or lease of products that are paid for by Medicare or Medicaid. Violations of these regulations may incur investigation or enforcement action by the FDA, Department of Justice, State agencies, or other legal authorities, and may result in substantial civil, criminal, or other sanctions. Sanctions for violating the fraud and abuse laws also may include possible exclusion from Medicare, Medicaid and other Federal or State healthcare programs. Although we believe our current business arrangements do not violate these laws, we cannot assure you that our business practices will not be challenged under these laws in the future or that a challenge would not have a material adverse effect on our business, financial condition or results of operations, even if we successfully defend against such claims. While we rely on contractual indemnification provisions with our commercial customers to protect us against certain claims, we cannot provide assurance that these provisions will be fully enforceable or that they will provide adequate protection against the claims intended to be covered.

GENERAL RISKS RELATING TO OUR BUSINESS

The majority of our revenue is currently derived from a very limited number of customers, the loss of any one of which could materially and adversely affect our business, financial condition and results of operations.

Our revenue and profitability depend to a great extent on our relationships with a very limited number of large pharmaceutical companies. As of December 31, 2014, our two largest customers accounted for approximately 69.7% of our 2014 revenue. As of December 31, 2013, our four largest customers accounted for approximately 67.4% of our 2013 revenue. While we expect to continue gaining new business in 2015, it is likely that our revenue and profitability will continue to be dependent on significant contracts with a very limited number of large pharmaceutical companies, and we may experience an even higher degree of customer concentration in 2015 and beyond in light of continued consolidation within the pharmaceutical industry and current business development opportunities.

In order to continue increasing our revenues, we will need to maintain and grow business with our existing customers while attracting additional significant customers. Our failure to attract a sufficient number of new customers during a particular period, or our inability to replace the loss of or significant reduction in business from a major customer could have a material adverse effect on our business, financial condition and results of operations.

If we do not increase our revenues and successfully manage the size of our operations, our business, financial condition and results of operations could be materially and adversely affected.

The majority of our operating expenses are personnel-related costs such as employee compensation and benefits as well as the cost of infrastructure to support our operations, including facility space and equipment. We continuously review our personnel to determine whether we are fully utilizing their services. If we believe we are not in a position to fully utilize our personnel, we may make reductions to our workforce. If we are unable to achieve revenue growth in the future or fail to adjust our cost infrastructure to the appropriate level to support our revenues, our business, financial condition and results of operations could be materially and adversely affected.

Our inability to finance our business on acceptable terms in the future may limit our ability to develop and commercialize new molecular diagnostic solutions and technologies and grow our business.

We expect capital expenditures and operating expenses to increase over the next several years as we expand our infrastructure and commercial operations. We may seek to raise finance our business through collaborations, equity offerings, debt financings, or licensing arrangements. Additional funding may not be available to us on acceptable terms, or at all. If we raise funds by issuing equity securities, dilution to our stockholders could result. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights, and other operating restrictions that could adversely affect our ability to conduct our business. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of or eliminate one or more molecular diagnostic tests or selling and marketing initiatives and this could have a material adverse effect on our business, financial condition and results of operations.

Our debt obligations include covenants restricting our business, which may adversely affect us.

On October 31, 2014, in connection with our acquisition of RedPath, we entered into a credit agreement, or the Credit Agreement, with certain lenders. The Credit Agreement contains certain financial and other covenants, including a minimum liquidity requirement and minimum revenue targets, and includes limitations on, among other things, additional indebtedness, paying dividends in certain circumstances, acquisitions and certain investments. In addition, on October 31, 2014, we issued an interest-free note to the representative of the equityholders of RedPath, or the Note, at the closing of our acquisition of RedPath for $11.0 million to be paid in eight equal consecutive quarterly installments beginning October 1, 2016. The Note provides that the violation of any term, covenant or condition of the Credit Agreement and other ancillary security agreements is also a breach of the Note. Any failure to comply with the restrictions of the Credit Agreement and the Note may result in an event of default under such agreements, and could have a material adverse effect on our business, financial condition and results of operations.

We may not have enough cash available to service our debt. Our debt includes certain restrictive debt covenants that may limit our ability to finance future operations and capital needs or pursue business opportunities and activities.

Our ability to make scheduled payments on the Term Notes and our other indebtedness, or to refinance our debt, depends on our future operating and financial performance, which will be affected by our ability to successfully implement our business strategy as well as general economic, financial, competitive, regulatory, technical and other factors beyond our control. If in the future we cannot generate sufficient cash to meet our debt service requirements, we, among other things, may need to refinance all or a portion of our debt, obtain additional financing, delay planned capital expenditures or sell material assets. If we are not able to refinance our debt as necessary, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our obligations with respect to our debt. Despite being leveraged, we may be able to incur more debt in the future, which could further exacerbate the risks of our leverage. We may need to incur additional debt in the future to complete acquisitions or capital projects or for working capital. In certain circumstances, we may need to incur substantial additional debt. We are subject to restrictive debt covenants that may limit our ability to finance future operations and capital needs and to pursue business opportunities and activities. These restrictions may limit our ability to operate our businesses and may prohibit or limit our activity to enhance our operations or take advantage of potential business opportunities as they arise. All of these limitations are subject to significant exceptions and qualifications. If we breach any of our debt covenants we may be in default under terms of our debt. A significant portion or all of our indebtedness may then become immediately due and payable. We may not have, or be able to obtain, sufficient funds to make these accelerated payments.

In addition, some of our contracts include exclusivity provisions limiting our ability to promote or represent competing products during the contract service period unless consent has been provided by the customer, and may also require the personnel we utilize to be dedicated exclusively to promoting or representing a single customer's product for the term of the contract. Accordingly, these types of arrangements could have a material adverse effect on our business and results of operations.

Our profitability will be impaired by our obligations to make royalty and milestone payments to Asuragen and the equityholders of RedPath.

In connection with our acquisition of RedPath and certain assets of Asuragen in 2014, we are obligated to make certain royalty and milestone payments. With respect to our acquisition of certain assets of Asuragen, we are obligated to make a milestone payment of $0.5 million to Asuragen upon the earlier of the launch of PancraMir™ and February 13, 2016, and to pay royalties of 5% on the future net sales of the miR*Inform*™ pancreas platform for a period of ten years following a qualifying sale, 3.5% on the future net sales of the miR*Inform*™ thyroid platform through August 13, 2024 and 1.5% on the future net sales of certain other thyroid diagnostics tests for a period of ten years following a qualifying sale. With respect to our acquisition of RedPath, we entered into a contingent consideration agreement with the representative of the equityholders of RedPath, or the Contingent Consideration Agreement. Pursuant to the Contingent Consideration Agreement, we agreed to issue to the equityholders of RedPath 500,000 shares of our common stock upon acceptance for publication of a specified article related to PathFinderTG® for the management of Barrett's esophagus, and an additional 500,000 shares of our common stock upon the commercial launch of PathFinderTG® for the management of Barrett's esophagus, or collectively, the Common Stock Milestones. In the event of a change of control of PDI, Interpace Diagnostics, LLC or Interpace Diagnostics Corporation on or before April 30, 2016, the Common Stock Milestones not then already achieved will be accelerated and the equityholders of RedPath will be immediately entitled to receive the Common Stock not yet previously issued to them. The equityholders of RedPath are entitled to an additional $5 million cash payment upon the achievement by us of $14.0 million or more in annual net sales of PathFinderTG® for the management of Barrett's esophagus and a further $5 million cash payment upon the achievement by us of $37.0 million or more in annual net sales of a basket of assays of Interpace Diagnostics, LLC and Interpace Diagnostics Corporation. In addition, we are obligated to pay revenue based payments through 2025 of 6.5% on annual net sales above $12.0 million of PancraGen™, 10% on annual net sales up to $30 million of PathFinderTG® for the management of Barrett's esophagus and 20% on annual net sales above $30 million of PathFinderTG® for the management of Barrett's esophagus.

Even if we are able to successfully launch the above referenced diagnostic tests, our profitability will be impaired by our obligations to make royalty and milestone payments to Asuragen and the equityholders of RedPath. Although we believe, under such circumstances, that the increase in revenue will exceed the corresponding royalty and milestone payments, our obligations to Asuragen and the equityholders of RedPath could have a material adverse effect on our business, financial condition and results of operations if we are unable to manage our operating costs and expenses at profitable levels.

Our business may suffer if we fail to attract and retain qualified sales representatives.

The success and growth of our Commercial Services and Diagnostics businesses depends in large part on our ability to attract and retain qualified sales representatives. There is competition for sales representatives from contract services organizations and pharmaceutical, biotechnology and healthcare companies. In addition, in certain instances, we offer our Commercial Services customers the option to permanently hire our sales representatives, and on occasion, our Commercial Services customers have hired the sales representatives that we trained to detail their products. We cannot provide assurance that we will continue to attract and retain qualified personnel. If we cannot attract and retain qualified sales personnel our Commercial Services and Diagnostics businesses will suffer, and our ability to perform under our existing sales force contracts and sell our molecular diagnostics tests may be impaired.

The loss of members of our senior management team or our inability to attract and retain key personnel could adversely affect our Commercial Services and Diagnostics businesses.

The success of our business depends largely on the skills, experience and performance of key members of our executive management team and others in key management positions. The efforts of these persons will be critical to us as we continue to grow our Commercial Services business and develop and/or acquire additional molecular diagnostic tests. If we were to lose one or more of these key employees, we may experience difficulties in competing effectively, developing our technologies and implementing our business strategy. In addition, our commercial laboratory operations depend on our ability to attract and retain highly skilled scientists, including licensed clinical laboratory scientists. We may not be able to attract or retain qualified scientists and technicians in the future due to the competition for qualified personnel. If we are not able to attract and retain the necessary personnel to accomplish our business objectives, we may experience constraints that could adversely affect our ability to support our clinical laboratory and commercialization.

We may acquire businesses or assets or make investments in other companies or molecular diagnostic technologies that could harm our operating results, dilute our stockholders' ownership, increase our debt or cause us to incur significant expense.

As part of our strategy, we may pursue acquisitions of synergistic businesses or molecular diagnostic assets. If we make any further acquisitions, we may not be able to integrate these acquisitions successfully into our existing business, and we could assume unknown or contingent liabilities. Any future acquisition by us also could result in significant write-offs or the incurrence of debt and contingent liabilities, any of which could harm our operating results and financial condition. Integration of an acquired company or business will also likely require management resources that otherwise would be available for ongoing development of our existing business. We may not identify or complete these transactions in a timely manner, on a cost-effective basis, or at all, and we may not realize the anticipated benefits of any acquisition. To finance any acquisitions or investments, we may choose to issue shares of our stock as consideration, which would dilute the ownership of our stockholders. If the price of our common stock is low or volatile, we may not be able to acquire other companies for stock. Alternatively, it may be necessary for us to raise additional funds for these activities through public or private financings. Additional funds may not be available on terms that are favorable to us, or at all. If these funds are raised through the sale of equity or convertible debt securities, dilution to our stockholders could result. Consummating an acquisition poses a number of risks including:

- we may not be able to accurately estimate the financial impact of an acquisition on our overall business;
- an acquisition may require us to incur debt or other obligations, incur large and immediate write-offs, issue capital stock potentially dilutive to our stockholders or spend significant cash, or may negatively affect our operating results and financial condition;
- if we spend significant funds or incur additional debt or other obligations, our ability to obtain financing for working capital or other purposes could decline;
- worse than expected performance of an acquired business may result in the impairment of intangible assets;
- we may be unable to realize the anticipated benefits and synergies from acquisitions as a result of inherent risks and uncertainties, including difficulties integrating acquired businesses or retaining key personnel, partners, customers or other key relationships, and risks that acquired entities may not operate profitably or that acquisitions may not result in improved operating performance;
- we may fail to successfully manage relationships with customers, distributors and suppliers;

- our customers may not accept new molecular diagnostic tests from our acquired businesses;
- we may fail to effectively coordinate sales and marketing efforts of our acquired businesses;
- we may fail to combine product offerings and product lines of our acquired businesses timely and efficiently;
- an acquisition may involve unexpected costs or liabilities, including as a result of pending and future shareholder lawsuits relating to acquisitions or exercise by stockholders of their statutory appraisal rights, or the effects of purchase accounting may be different from our expectations;
- an acquisition may involve significant contingent payments that may adversely affect our future liquidity or capital resources;
- accounting for contingent payments requires significant judgment and changes to the assumptions used in determining the fair value of our contingent payments could lead to significant volatility in earnings;
- acquisitions and subsequent integration of these companies may disrupt our business and distract our management from other responsibilities; and
- the costs of an unsuccessful acquisition may adversely affect our financial performance.

Additional risks of integration of an acquired business include:

- differing information technology, internal control, financial reporting and record-keeping systems;
- differences in accounting policies and procedures;
- unanticipated additional transaction and integration-related costs;
- facilities or operations of acquired businesses in remote locations and the inherent risks of operating in unfamiliar legal and regulatory environments; and
- new products, including the risk that any underlying intellectual property associated with such products may not have been adequately protected or that such products may infringe on the proprietary rights of others.

If our information technology and communications systems fail or we experience a significant interruption in their operation, our reputation, business and results of operations could be materially and adversely affected.

The efficient operation of our business is dependent on our information technology and communications systems. The failure of these systems to operate as anticipated could disrupt our business and result in decreased revenue and increased overhead costs. In addition, we do not have complete redundancy for all of our systems and our disaster recovery planning cannot account for all eventualities. Our information technology and communications systems, including the information technology systems and services that are maintained by third party vendors, are vulnerable to damage or interruption from natural disasters, fire, terrorist attacks, malicious attacks by computer viruses or hackers, power loss or failure of computer systems, Internet, telecommunications or data networks. If these systems or services become unavailable or suffer a security breach, we may expend significant resources to address these problems, and our reputation, business and results of operations could be materially and adversely affected.

We have and may continue to experience goodwill impairment charges.

We are required to evaluate goodwill at least annually, and between annual tests if events or circumstances warrant such a test. These events or circumstances could include a significant long-term adverse change in the business climate, poor indicators of operating performance or a sale or disposition of a significant portion of a reporting unit. We test goodwill for impairment at the reporting unit level, which is one level below our segments. Goodwill has been assigned to the reporting units to which the value of the goodwill relates. We currently have three reporting units, with one reporting unit in our Interpace Diagnostics segment having goodwill. If we determine that the fair value is less than the carrying value, an impairment loss will be recorded in our statement of comprehensive income (loss). The determination of fair value is a highly subjective exercise and can produce significantly different results based on the assumptions used and methodologies employed. If our projected long-term sales growth rate, profit margins or terminal growth rate are considerably lower and/or the assumed weighted-average cost of capital is considerably higher, future testing may indicate impairment and we would have to record a non-cash impairment loss in our statement of comprehensive income (loss). See Note 7, Goodwill and Other Intangible Assets, to the consolidated financial statements included in this Form 10-K.

RISKS RELATING TO OUR CORPORATE STRUCTURE AND OUR COMMON STOCK

Our largest stockholder continues to have significant influence, which could delay or prevent a change in corporate control that may otherwise be beneficial to our stockholders.

John P. Dugan, our former chairman, beneficially owns approximately 32% of our outstanding common stock. As a result, Mr. Dugan is able to exercise significant influence over the election of all of our directors and to determine the outcome of most corporate actions requiring stockholder approval, including a merger with or into another company, the sale of all or substantially

all of our assets and amendments to our certificate of incorporation. This ownership concentration by Mr. Dugan could delay or prevent a change in corporate control that may otherwise be beneficial to our other stockholders.

We have anti-takeover defenses that could delay or prevent an acquisition and could adversely affect the price of our common stock.

Our certificate of incorporation and bylaws include provisions, such as providing for three classes of directors, which may make it more difficult to remove our directors and management and may adversely affect the price of our common stock. In addition, our certificate of incorporation authorizes the issuance of "blank check" preferred stock, which allows our board of directors to create one or more classes of preferred stock with rights and preferences greater than those afforded to the holders of our common stock. This provision could have the effect of delaying, deterring or preventing a future takeover or a change in control, unless the takeover or change in control is approved by our board of directors. We are also subject to laws that may have a similar effect. For example, section 203 of the General Corporation Law of the State of Delaware prohibits us from engaging in a business combination with an interested stockholder for a period of three years from the date the person became an interested stockholder unless certain conditions are met. As a result of the foregoing, it will be difficult for another company to acquire us and, therefore, could limit the price that possible investors might be willing to pay in the future for shares of our common stock. In addition, the rights of our common stockholders will be subject to, and may be adversely affected by, the rights of holders of any class or series of preferred stock that may be issued in the future.

Our quarterly and annual revenues and operating results may vary, which may cause the price of our common stock to fluctuate.

Our quarterly and annual operating results may vary as a result of a number of factors, including:

- the commencement, delay, cancellation or completion of sales and marketing programs;
- regulatory developments;
- uncertainty about when, if at all, revenue from any product commercialization arrangements and/or other incentive-based arrangements with our customers, as well as from sales of our molecular diagnostic tests, will be recognized;
- mix of services provided and/or mix of programs during the period;
- timing and amount of expenses for implementing new programs and accuracy of estimates of resources required for ongoing programs;
- timing and integration of any acquisitions; and
- changes in regulations related to diagnostics, pharmaceutical, biotechnology and healthcare companies.

In addition, in the case of revenue related to service contracts, we recognize revenue as services are performed, while program costs, other than training costs, are expensed as incurred. We believe that quarterly, and in certain instances annual, comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. Fluctuations in quarterly and annual results could materially and adversely affect the market price of our common stock in a manner unrelated to our long-term operating performance.

Our stock price is volatile and could be further affected by events not within our control, and an investment in our common stock could suffer a decline in value.

The market for our common stock is volatile. During 2014, our stock traded at a low of $1.34 and a high of $6.25. In 2013, our stock traded at a low of $3.82 and a high of $8.25. The trading price of our common stock has been and will continue to be subject to:

- general volatility in the trading markets;
- significant fluctuations in our quarterly operating results;
- significant changes in our cash and cash equivalent reserves;
- announcements regarding our business or the business of our competitors;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- industry and/or regulatory developments;
- changes in revenue mix;
- changes in revenue and revenue growth rates for us and for the industries in which we operate;
- changes in accounting standards, policies, guidance, interpretations or principles; and
- statements or changes in opinions, ratings or earnings estimates made by brokerage firms or industry analysts relating to the markets in which we operate or expect to operate.

(tabular information in thousands, except share and per share data)

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters is located in, and our Commercial Services and Interpace Diagnostics executive offices are managed from, Parsippany, New Jersey where we lease approximately 23,000 square feet. The lease runs through June 2017. Our Interpace Diagnostics segment is operated out of facilities in Pittsburgh, Pennsylvania and New Haven, Connecticut, where we lease a total of approximately 21,400 square feet. Our Pittsburgh, Pennsylvania lease expires in March 2015 and is in the process of being extended for a period of two years, through March 2017, at substantially similar terms. Our New Haven, Connecticut lease expires in December 2015.

We also lease approximately 84,000 square feet of office space in Saddle River, New Jersey (our former corporate headquarters), that terminates in January 2016. We have entered into subleases, which run through the end of the underlying lease, for all of the square footage at our Saddle River facility. Our discontinued TVG business unit operated out of a 38,000 square foot facility in Dresher, Pennsylvania under a lease that runs for a term of approximately 12 years and terminates in November 2016. Our discontinued Pharmakon business unit operated out of a 6,700 square foot facility in Schaumburg, Illinois under a lease that expires in February 2015. We have sublet all of the office space in Dresher, Pennsylvania and Schaumburg, Illinois through the end of the underlying leases.

We believe that our current facilities are adequate for our current and foreseeable operations and that suitable additional space will be available if needed.

ITEM 3. LEGAL PROCEEDINGS

We are currently a party to legal proceedings incidental to our business. As required, we have accrued our estimate of the probable costs for the resolution of these claims. While management currently believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on our business, financial condition, results of operations or cash flow, litigation is subject to inherent uncertainties. Were we to settle a proceeding for a material amount or were an unfavorable ruling to occur, there exists the possibility of a material adverse impact on our business, financial condition, results of operations or cash flows. To the extent there is a reasonable possibility that the losses could exceed the amounts already accrued, we will, as applicable, adjust the accrual in the period the determination is made, disclose an estimate of the additional loss or range of loss, indicate that the estimate is immaterial with respect to its financial statements as a whole or, if the amount of such adjustment cannot be reasonably estimated, disclose that an estimate cannot be made. As of December 31, 2014, our accrual for litigation and threatened litigation was not material to the consolidated financial statements. Legal fees are expensed as incurred.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR OUR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the NASDAQ under the ticker symbol “PDII.” The price range per share of common stock presented below represents the high and low trading price for our common stock on the NASDAQ for the last two years by quarter.

	2014		2013	
	HIGH	LOW	HIGH	LOW
First quarter	$ 6.25	$ 4.20	$ 8.25	$ 6.09
Second quarter	$ 5.44	$ 4.05	$ 6.12	$ 3.82
Third quarter	$ 4.50	$ 2.26	$ 5.33	$ 4.23
Fourth quarter	$ 2.41	$ 1.34	$ 5.35	$ 4.37

Holders

We had 515 stockholders of record as of February 23, 2015. Not reflected in the number of stockholders of record are persons who beneficially own shares of common stock held in nominee or street name.

Dividends

We have not declared any cash dividends and do not intend to declare or pay any cash dividends in the foreseeable future. Future earnings, if any, will be used to finance the future operation and growth of our businesses.

Securities Authorized For Issuance Under Equity Compensation Plans

We have a number of stock-based incentive and benefit programs designed to attract and retain qualified directors, executives and management personnel. All equity compensation plans have been approved by security holders. The following table sets forth certain information with respect to our equity compensation plans as of December 31, 2014:

Equity Compensation Plan Information
Year Ended December 31, 2014

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (2004 Stock Award and Incentive Plan, 2000 Omnibus Incentive Compensation Plan, and 1998 Stock Option Plan)	25,000	$ 12.65	1,441,028
Equity compensation plans not approved by security holders (1)	—	—	—
Total	25,000	$ 12.65	1,441,028

(1) Excludes restricted stock, restricted stock units and stock-settled stock appreciation rights.

ITEM 6. SELECTED FINANCIAL DATA

We are a "smaller reporting company" for purposes of the disclosure requirements of Item 301 of Regulation S-K and, therefore, we are not required to provide this information.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our consolidated financial statements and the related notes appearing elsewhere in this Annual Report on Form 10-K. *This discussion and analysis includes certain forward-looking statements that involve risks, uncertainties and assumptions. You should review the Risk Factors section of this Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by such forward-looking statements. See Cautionary Note Regarding Forward-Looking Information at the beginning of this Form 10-K.*

OVERVIEW

We are a leading healthcare commercialization company providing go-to-market strategy and execution to established and emerging pharmaceutical, biotechnology, diagnostics and healthcare companies in the United States through our Commercial Services segment, and developing and commercializing molecular diagnostic tests through our Interpace Diagnostics segment.

Our Commercial Services segment is focused on providing outsourced pharmaceutical, biotechnology, medical device and diagnostic sales teams to our customers. Through this business, we offer a range of complementary sales support services designed to achieve our customers' strategic and financial objectives. Our customers in this business include pharmaceutical, biotechnology, diagnostics and healthcare companies. In this business, we also provide integrated multi-channel message delivery.

Our Interpace Diagnostics segment is focused on developing and commercializing molecular diagnostic tests, leveraging the latest technology and personalized medicine for better patient diagnosis and management. Through our Interpace Diagnostics segment, we aim to provide physicians and patients with diagnostic options for detecting genetic and other molecular alterations that are associated with gastrointestinal and endocrine cancers. Customers in our Interpace Diagnostics segment consist primarily of physicians, hospitals and clinics.

We provide pharmaceutical, biotechnology, diagnostics and healthcare companies with full-service outsourced product commercialization and promotion solutions through our Commercial Services segment. Our Commercial Services segment offers customers a range of standard and customizable options for their products throughout their entire lifecycles, from development to

commercialization. We have over 25 years of experience in the services business that allows us to provide services that are innovative, flexible and designed to drive our customers' profits and respond to a continually changing market. Over the course of our operating history, we have designed and successfully implemented commercialization programs for many large pharmaceutical companies, a variety of emerging and specialty pharmaceutical and biotechnology companies and diagnostic and other healthcare service providers. Our services provide a vital link between our customers and the medical community through the communication of product information to physicians and other healthcare professionals for use in the care of their patients.

We are also developing and commercializing molecular diagnostic tests to detect genetic and other molecular alterations that are associated with gastrointestinal and endocrine cancers through our Interpace Diagnostics segment. As a result of our 2014 acquisitions of RedPath Integrated Pathology, Inc. (RedPath) and certain assets from Asuragen, Inc. (Asuragen) our Interpace Diagnostics segment offers PancraGen™ (formerly known as PathFinderTG® Pancreas), a diagnostic test designed for determining risk of malignancy in pancreatic cysts, and ThyGenX™, a next-generation sequencing test designed to assist physicians in distinguishing between benign and malignant genotypes in indeterminate thyroid nodules. We have three diagnostic tests in late stage development that are designed to detect genetic and other molecular alterations that are associated with gastrointestinal cancers and one diagnostic test in late stage development that is designed to detect molecular alterations that are associated with Thyroid cancer.

In August 2013, we entered into phase one of a collaboration agreement with a privately held, emerging molecular diagnostics company (the Diagnostics Company) to commercialize their fully-developed, molecular diagnostic tests. The Diagnostics Company does not have experience in, or a history of, successfully commercializing diagnostic products. The initial test to be commercialized is fully developed. Under the terms of the collaboration agreement, we paid an initial fee of $1.5 million. In August 2014, we entered into an amendment to the collaboration agreement with the Diagnostics Company reducing the option price to a maximum amount of $3.0 million plus any amounts outstanding under the loan to the Diagnostics Company. If we purchase the outstanding common stock of the Diagnostics Company, in addition to the option price, beginning in 2015, we would pay a royalty of 5.5% on annual net revenue up to $50.0 million with escalating royalty percentages for higher annual net revenue capped at 7.5% for annual net revenue in excess of $100.0 million. We can terminate the amended collaboration agreement if all milestones are not achieved by March 31, 2015. If all milestones are achieved by March 31, 2015 and we have not exercised our option, the Diagnostics Company can terminate the collaboration agreement and pay us a termination fee of approximately $1.5 million.

The amended collaboration agreement gives us the right to extend the effective date of termination to September 30, 2015 by making a payment of $0.5 million (the Extension Fee) to the Diagnostics Company. If the Extension Fee is paid, and we thereafter purchase the outstanding stock of the Diagnostics Company, then the option price due at closing will be reduced by the amount of the Extension Fee. The amendment to the collaboration agreement eliminated the Diagnostics Company's ability to require us to exercise the option to purchase the outstanding common stock of the Diagnostics Company. In the fourth quarter of 2014, the

Company identified events that have had an adverse effect on the fair value of this investment and impaired the initial fee of $1.5 million. See Note 18, Investment in Privately Held Non-Controlled Entity and Other Arrangements, to our consolidated financial statements included in this Annual Report on Form 10-K for further information.

As of December 31, 2014, it was determined that we would not continue to operate Group DCA and that we would divest this business. See Note 7, Goodwill and Other Intangible Assets, and Note 19, Discontinued Operations, to our consolidated financial statements included in this Annual Report on Form 10-K for further information. In connection with this decision, we are now offering PD One™ to customers in our Commercial Services segment and using PD One™ in our Interpace Diagnostics segment. PD One™ is a proprietary technology platform aimed at expanding relationships between pharmaceutical and life science companies and health care providers. The platform enables customers to extend personal and brand interactions with physicians through a secure, professional networking platform that features direct messaging and dynamic content.

DESCRIPTION OF REPORTING SEGMENTS

Effective December 31, 2014, we have two reporting segments: Commercial Services and Interpace Diagnostics. We realigned our reporting segments, and the operating segments and service offerings within our reporting segments, due to the acquisition of RedPath and acquiring certain assets from Asuragen, Inc. (Asuragen) to reflect our current and going forward business strategy. As part of our strategy, we have decided to discontinue our eDetailing services offering, classified the Group DCA business as discontinued operations and held for sale, in an effort to reduce spending in the area and focus our resources on our strategic plan. Therefore, we will no longer be presenting a Marketing Services segment. Our current reporting segments are reflective of the way our chief operating decision maker views and manages the business. The operating segments or service offerings included in our reporting segments are as follows:

- Commercial Services reporting segment, consists of the following service offerings:
  - Personal Promotion, through our:
    - Dedicated Sales Teams; and
    - Established Relationship Team.
  - Medical and Clinical Services; and
  - Full product commercialization.
- Interpace Diagnostics reporting segment, which consists of the following operating segments:
  - Gastrointestinal; and
  - Endocrinology.

Select financial information for each of these segments is contained in Note 17, Segment Information, to our consolidated financial statements included in this Annual Report on Form 10-K and in the discussion under "*Consolidated Results of Operations."*

CRITICAL ACCOUNTING POLICIES

We prepare our consolidated financial statements in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of financial statements and related disclosures in conformity with GAAP requires management to make judgments, estimates and assumptions at a specific point in time that affect the amounts reported in our consolidated financial statements and disclosed in the accompanying notes. These assumptions and estimates are inherently uncertain. Outlined below are accounting policies, which are important to our financial position and results of operations, and require our management to make significant judgments in their application. Some of those judgments can be subjective and complex. Management's estimates are based on historical experience, information from third-party professionals, facts and circumstances available at the time and various other assumptions that are believed to be reasonable. Actual results could differ from those estimates. Additionally, changes in estimates could have a material impact on our consolidated results of operations in any one period. For a summary of all of our significant accounting policies, including the accounting policies discussed below, see Note 1, Nature of Business and Significant Account Policies, to our consolidated financial statements included in this Annual Report on Form 10-K.

Revenue and Cost of Services

We recognize revenue from services rendered when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists; services have been rendered; the selling price is fixed or determinable; and collectability is reasonably assured. Our contracts containing multiple deliverables are accounted for in accordance with Accounting Standards Codification (ASC) 605-25, Revenue Recognition: Multiple Element Arrangements.

Commercial Services

Revenue under Commercialization Services contracts is generally based on the number of sales representatives utilized or the number of physician details made and, when applicable, the full commercial operations services provided. If contracts include full commercial operations services, we have determined that there are two units of accounting in these arrangements: the sales team providing product detailing services; and the commercial operations providing full supply chain management, operations, marketing, compliance, and regulatory/medical management services. Revenue is generally recognized on a straight-line basis over the contract period or as the physician details are performed. A portion of revenues earned under certain contracts may be risk-based. The risk-based metrics may be based on activity metrics such as call activity, turnover, or other agreed upon measures, or on contractually defined percentages of prescriptions written. Revenue from risk-based metrics is recognized in the period which the metrics have been attained and when we are reasonably assured that payment will be made. Many of our product detailing contracts also allow for additional periodic incentive fees to be earned if certain activities have occurred or client specific sales performance benchmarks have been attained. Revenue from incentive fees is recognized in the period earned when the performance benchmarks have been attained and when we are reasonably assured that payment will be made. Many contracts also stipulate penalties if agreed upon performance benchmarks have not been met. Revenue is recognized net of any potential penalties until the performance criteria relating to the penalties have been achieved. Commission based revenue is recognized when performance is completed.

Our Commercial Services contracts are generally for terms of one to three years and may be renewed or extended. The majority of these contracts, however, are terminable by the customer without cause upon 30 days' to 180 days' prior written notice. Certain contracts include provisions mandating that such notice may not be provided prior to a pre-determined future date and also provide for termination payments if the customer terminates the agreement without cause. Typically, however, the total compensation provided by minimum service periods (otherwise referred to as minimum purchase obligations) and termination payments within any individual agreement will not fully offset the revenue we would have earned from fully executing the contract or the costs we may incur as a result of its early termination.

We maintain continuing relationships with our Commercial Services customers which may lead to multiple ongoing contracts between us and one customer. In situations where we enter into multiple contracts with one customer at or near the same time, we evaluate the various factors involved in negotiating the arrangements in order to determine if the contracts were negotiated as a package and should be accounted for as a single agreement.

The loss or termination of a large pharmaceutical detailing contract or the loss of multiple contracts could have a material adverse effect on our financial condition or results of operations. Historically, we have derived a significant portion of service revenue from a limited number of customers. Concentration of business in the pharmaceutical industry is common and the industry continues to consolidate. As a result, we are likely to continue to experience significant customer concentration in future periods. For the year ended December 31, 2014, our two largest customers, who each individually represented 10% or more of our Commercial Services revenue, collectively accounted for approximately 69.7% of our consolidated service revenue. For the year ended December 31, 2013, our two largest customers, who each individually represented 10% or more of our Commercial Services revenue, collectively accounted for approximately 67.4% of our consolidated service revenue. See Note 13, Significant Customers, to our consolidated financial statements included in this Annual Report on Form 10-K.

Cost of services consists primarily of the costs associated with executing product detailing programs, performance based contracts or other sales and marketing services identified in the contract and includes personnel costs and other direct costs, as well as the initial direct costs associated with staffing a product detailing program. Personnel costs, which constitute the largest portion of cost of services, include all labor related costs, such as salaries, bonuses, fringe benefits and payroll taxes for the sales representatives, sales managers and professional staff that are directly responsible for executing a particular program. Other direct costs include, but are not limited to, facility rental fees, travel expenses, sample expenses and other promotional expenses.

Initial direct program costs are the costs associated with initiating a product detailing program, such as recruiting and hiring and certain other direct incremental costs, excluding pass through costs that are billed to customers. Other direct costs include, but are not limited to, facility rental fees, travel expenses, sample expenses and other promotional expenses. Initial direct program costs are deferred and amortized to expense in proportion to the revenue recognized as driven by the terms of the underlying contract. As of December 31, 2014 and 2013, we deferred $0.4 million and $2.3 million of initial direct program costs, respectively. During each of the years ended December 31, 2014 and 2013, we amortized $0.9 million of initial direct program costs into expense.

Reimbursable out-of-pocket expenses include those relating to travel and other similar costs, for which we are reimbursed at cost by our customers. Reimbursements received for out-of-pocket expenses incurred are characterized as revenue and an identical

amount is included as cost of services in the consolidated statements of comprehensive loss. For the years ended December 31, 2014 and 2013, reimbursable out-of-pocket expenses were $27.4 million and $30.8 million, respectively.

Training costs include the costs of training the sales representatives and managers on a particular product detailing program so that they are qualified to properly perform the services specified in the related contract. For the majority of our contracts, training costs are reimbursable out-of-pocket expenses.

Interpace Diagnostics

Interpace Diagnostics revenue is generated using our proprietary tests. Our performance obligation is fulfilled upon the completion, review and release of test results. In conjunction with fulfilling these services, we bill the third-party payor or hospital. We recognize Interpace Diagnostics revenue related to billings for Medicare, Medicare Advantage, and hospitals on an accrual basis, net of contractual adjustment, when a contract is in place, a reliable pattern of collectability exists and collectability is reasonably assured. Contractual adjustments represent the difference between the list prices and the reimbursement rate set by Medicare and Medicare Advantage, the contractual rate or the amounts agreed to with hospitals.

Until a contract has been negotiated with a commercial insurance carrier or governmental program, the services may or may not be covered by these entities existing reimbursement policies. In addition, we do not enter into direct agreements with patients that commit them to pay any portion of the cost of the tests in the event that insurance declines to reimburse us. In the absence of an agreement with the patient or other clearly enforceable legal right to demand payment, the related revenue is only recognized upon the earlier of payment notification or cash receipt. Accordingly, we recognize revenue from commercial insurance carriers and governmental programs without contracts, when payment is received.

Persuasive evidence of an arrangement exists and delivery is deemed to have occurred upon completion, review, and release of the test results at which time we will bill the third-party payor or hospital. The assessment of the fixed or determinable nature of the fees charged for diagnostic testing performed, and the collectability of those fees, requires significant judgment by our management. Our management believes that these two criteria have been met when there is contracted reimbursement coverage or a predictable pattern of collectability with individual third-party payors or hospitals and accordingly, recognizes revenue upon delivery of the test results. In the absence of contracted reimbursement coverage or a predictable pattern of collectability, we believe that the fee is fixed or determinable and collectability is reasonably assured only upon request of third-party payor notification of payment or when cash is received, and we recognize revenue at that time.

Cost of services consists primarily of the costs associated with operating our laboratories and other costs directly related to our tests. Personnel costs, which constitute the largest portion of cost of services, include all labor related costs, such as salaries, bonuses, fringe benefits and payroll taxes for laboratory personnel. Other direct costs include, but are not limited to, laboratory supplies, certain consulting expenses, and facility expenses.

Goodwill and Indefinite-Lived Intangible Assets

We allocate the cost of acquired companies to the identifiable tangible and intangible assets acquired and liabilities assumed, with the remaining amount classified as goodwill. Since the entities we have acquired do not have significant tangible assets, a significant portion of the purchase price has been allocated to intangible assets and goodwill. The identification and valuation of these intangible assets and the determination of the estimated useful lives at the time of acquisition, as well as the completion of impairment tests require significant management judgments and estimates. These estimates are made based on, among other factors, reviews of projected future operating results and business plans, economic projections, anticipated highest and best use of future cash flows and the market participant cost of capital. The use of alternative estimates and assumptions could increase or decrease the estimated fair value of goodwill and other intangible assets, and potentially result in a different impact to our results of operations. Further, changes in business strategy and/or market conditions may significantly impact these judgments and thereby impact the fair value of these assets, which could result in an impairment of the goodwill or intangible assets.

We test goodwill and indefinite-lived intangible asset for impairment at least annually (as of December 31) and whenever events or circumstances change that indicate impairment may have occurred. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include, among others: a significant decline in our expected future cash flows; a sustained, significant decline in our stock price and market capitalization; a significant adverse change in legal factors or in the business climate of the industries in which we operate; unanticipated competition; and slower growth rates. Any adverse change in these factors could have a significant impact on the recoverability of goodwill, the indefinite-lived intangible asset and our consolidated financial results.

We test goodwill for impairment at the business (reporting) unit level, which is one level below our operating segments. The goodwill has been assigned to the reporting unit to which the value relates. We test goodwill by estimating the fair value of the reporting unit using a Discounted Cash Flow (DCF) model. The key assumptions used in the DCF model to determine the highest and best use of estimated future cash flows include revenue growth rates and profit margins based on internal forecasts, terminal value and an estimate of a market participant's weighted-average cost of capital used to discount future cash flows to their present value. While we use available information to prepare estimates and to perform impairment evaluations, actual results could differ significantly from these estimates or related projections, resulting in impairment related to recorded goodwill balances. If the Company's projected long-term sales growth rate, profit margins, or terminal rate change, or the assumed weighted-average cost of capital is considerably higher, future testing may indicate impairment in this reporting unit and, as a result, all or a portion of these assets may become impaired.

During 2014, $15.5 million of goodwill was recorded related to our acquisition of RedPath. In connection with the decision to sell Group DCA and discontinue operations of the business, an impairment of goodwill was recorded as the relative fair value of the business unit was less than estimated consideration to be received. No impairment was recorded during the year ended December 31, 2013. See Note 4, Fair Value Measurements and Note 7, Goodwill and Other Intangible Assets included in this Annual Report on Form 10-K for further information.

Long-Lived Assets, including Finite-Lived Intangible Assets

We review the recoverability of long-lived assets and finite-lived intangible assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized by reducing the recorded value of the asset to its fair value measured by future discounted cash flows. This analysis requires estimates of the amount and timing of projected cash flows and, where applicable, judgments associated with, among other factors, the appropriate discount rate. Such estimates are critical in determining whether any impairment charge should be recorded and the amount of such charge if an impairment loss is deemed to be necessary. During 2014, certain assets were impaired in connection with the planned sale of Group DCA and exit of the eDetailing business. See Note 7, Goodwill and Other Intangible Assets, to our consolidated financial statements included in this Annual Report on Form 10-K.

Loans and Investments in Privately Held Entities

From time-to-time, we make investments in and/or loans to privately-held companies. We determine whether the fair value of any investment has declined below its carrying value whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. If we consider any such decline to be other than temporary (based on various factors, including historical financial results, asset quality, negative cash flows from operations and the overall health of the investee's industry), a write-down to estimated fair value is recorded. As of December 31, 2013, we had an investment in a privately held non-controlled entity of $1.5 million within Other current assets in the Consolidated Balance Sheets in accordance with ASC 325-20 Investments Other - Cost Method Investments. In the fourth quarter of 2014, we identified events that have had an adverse effect on the fair value of this cost-method investment and impaired the initial fee.

On a quarterly basis, we review outstanding loans receivable to determine if a provision for doubtful notes is necessary. These reviews include discussions with senior management of the investee, and evaluations of, among other things, the investee's progress against its business plan, its product development activities and customer base, industry market conditions, historical and projected financial performance, expected cash needs and recent funding events. Subsequent cash receipts on the outstanding interest are applied against the outstanding interest receivable balance and the corresponding allowance. Our assessments of value are subjective given that the investees may be at an early stage of development and rely regularly on their investors for cash infusions. See Note 18, Investment in Privately Held Non-Controlled Entity and Other Arrangements for further information.

Acquisition Accounting

We account for business combinations by applying the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets transferred, liabilities incurred, equity instruments issued, and costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over our interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the

assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. Terminal values are based on the expected life of products and forecasted life cycle and cash flows over that period. Although we believe that the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ materially from the forecasted amounts. See Note 3, Acquisitions included in this Annual Report on Form 10-K for further information.

Contingencies

In the normal course of business, we are subject to various contingencies. Contingencies are recorded in the consolidated financial statements when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated, or otherwise disclosed, in accordance with ASC 450, Contingencies. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. In the event we determine that a loss is not probable, but is reasonably possible, and it becomes possible to develop what we believe to be a reasonable range of possible loss, then we will include disclosures related to such matter as appropriate and in compliance with ASC 450. To the extent there is a reasonable possibility that the losses could exceed the amounts already accrued, we will, when applicable, adjust the accrual in the period the determination is made, disclose an estimate of the additional loss or range of loss, indicate that the estimate is immaterial with respect to its financial statements as a whole or, if the amount of such adjustment cannot be reasonably estimated, disclose that an estimate cannot be made. We are currently involved in certain legal proceedings and, as required, have accrued our estimate of the probable costs for the resolution of these claims. These estimates are developed in consultation with outside counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. Predicting the outcome of claims and litigation, and estimating related costs and exposures, involves substantial uncertainties that could cause actual costs to vary materially from estimates.

Income Taxes

Income taxes are based on income for financial reporting purposes calculated using our expected annual effective rate and reflect a current tax liability or asset for the estimated taxes payable or recoverable on the current year tax return and expected annual changes in deferred taxes.

We account for income taxes using the asset and liability method. This method requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of our assets and liabilities based on enacted tax laws and rates. Deferred tax expense (benefit) is the result of changes in the deferred tax asset and liability. A valuation allowance is established, when necessary, to reduce the deferred income tax assets when it is more likely than not that all or a portion of a deferred tax asset will not be realized.

We operate in multiple tax jurisdictions and provide taxes in each jurisdiction where we conduct business and are subject to taxation. The breadth of our operations and the complexity of the various tax laws require assessments of uncertainties and judgments in estimating the ultimate taxes we will pay. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions, outcomes of tax litigation and resolution of proposed assessments arising from federal and state audits. We have established estimated liabilities for uncertain federal and state income tax positions. Uncertain tax positions are recognized in the financial statements when it is more likely than not (for example, a likelihood of more than fifty percent) that a position taken or expected to be taken in a tax return would be sustained upon examination by tax authorities that have full knowledge of all relevant information. A recognized tax position is then measured as the largest amount of benefit that is greater than fifty percent likely to be realized upon ultimate settlement. We adjust our accruals for unrecognized tax benefits as facts and circumstances change, such as the progress of a tax audit. We believe that any potential audit adjustments will not have a material adverse effect on our financial condition or liquidity. However, any adjustments made may be material to our consolidated results of operations or cash flows for a reporting period. Penalties and interest, if incurred, would be recorded as a component of current income tax expense.

Significant judgment is also required in evaluating the need for and magnitude of appropriate valuation allowances against deferred tax assets. We currently have significant deferred tax assets resulting from net operating loss carryforwards and deductible temporary differences. The realization of these assets is dependent on generating future taxable income. We perform an analysis quarterly to determine whether the expected future income will more likely than not be sufficient to realize the deferred tax assets. Our recent operating results and projections of future income weighed heavily in our overall assessment. The existing and forecasted levels of pretax earnings for financial reporting purposes are not sufficient to generate future taxable income and realize our deferred tax assets and, as a result, we established a full federal and state valuation allowance for the net deferred tax assets at December 31, 2014 and 2013, as we determined that it was more likely than not that these assets would not be realized.

Stock Compensation Costs

The compensation cost associated with the granting of stock-based awards is based on the grant date fair value of the stock award. We recognize the compensation cost, net of estimated forfeitures, over the shorter of the vesting period or the period from the grant date to the date when retirement eligibility is achieved. Forfeitures are initially estimated based on historical information and subsequently updated over the life of the awards to ultimately reflect actual forfeitures. As a result, changes in forfeiture activity can influence the amount of stock compensation cost recognized from period-to-period.

We primarily use the Black-Scholes option pricing model to determine the fair value of stock options and stock-based stock appreciation rights (SARs). The determination of the fair value of stock-based payment awards is made on the date of grant and is affected by our stock price as well as assumptions made regarding a number of complex and subjective variables. These assumptions include: our expected stock price volatility over the term of the awards; actual and projected employee stock option exercise behaviors; the risk-free interest rate; and expected dividend yield.

On occasion, we grant market contingent stock-based awards. In 2014, we issued market contingent SARs to our chief executive officer. The fair value estimate of market contingent SARs was calculated using a Monte Carlo Simulation model. The market contingent SARs are subject to a time-based vesting schedule, but will not vest unless and until certain additional, market-based conditions are satisfied. See Note 12, Stock-Based Compensation, to our consolidated financial statements in this Annual Report on Form 10-K for further information.

Changes in the valuation assumptions could result in a significant change to the cost of an individual award. However, the total cost of an award is also a function of the number of awards granted, and as result, we have the ability to manage the cost and value of our equity awards by adjusting the number of awards granted.

Restructuring, Facilities Realignment and Related Costs

From time-to-time, in order to consolidate operations, downsize and improve operating efficiencies, we recognize restructuring or facilities realignment charges. The recognition of these charges requires estimates and judgments regarding employee termination benefits, lease termination costs and other exit costs to be incurred when these actions take place. We reassess the cost to complete the restructurings and facility realignment and related charges on a quarterly basis. These estimates may vary significantly from actual costs depending, in part, upon factors that may be beyond our control, resulting in changes to these estimates in current operations.

CONSOLIDATED RESULTS OF OPERATIONS

The following table sets forth for the periods indicated below selected statement of comprehensive loss data as a percentage of revenue. The trends illustrated in this table may not be indicative of future operating results.

	Years Ended December 31,	
	2014	2013
Revenue, net	100.0 %	100.0 %
Cost of services	84.5 %	84.0 %
Gross profit	15.5 %	16.0 %
Compensation expense	12.4 %	10.4 %
Other selling, general and administrative expenses	12.0 %	6.6 %
Acquisition related amortization expense	0.6 %	— %
Asset impairments	1.7 %	— %
Total operating expenses	26.7 %	17.0 %
Operating loss	(11.2)%	(1.0)%
Interest expense	(0.5)%	— %
Other expense, net	(0.1)%	— %
Loss from continuing operations before income tax	(11.8)%	(1.0)%
(Benefit from) provision for income tax	(4.0)%	0.1 %
Loss from continuing operations	(7.8)%	(1.1)%
Loss from discontinued operations, net of tax	(5.6)%	(2.0)%
Net loss	(13.4)%	(3.1)%

Results of Continuing Operations for the Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

(in thousands)	Commercial Services	Interpace Diagnostics	Consolidated
Year ended December 31, 2014:			
Revenue, net	$ 118,461	$ 1,474	$ 119,935
Cost of services	$ 100,126	$ 1,268	$ 101,394
Gross profit	$ 18,335	$ 206	$ 18,541
Gross profit %	15.5%	14.0%	15.5%
Year ended December 31, 2013:			
Revenue, net	$ 146,534	$ —	$ 146,534
Cost of services	$ 122,737	$ 292	$ 123,029
Gross profit	$ 23,797	$ (292)	$ 23,505
Gross profit %	16.2%	N/A	16.0%

Operations Overview

We currently operate in two reporting segments: Commercial Services and Interpace Diagnostics. In 2014, decreases in revenues from our Commercial Services segment drove a decrease in Commercial Services segment gross profit relative to 2013. We also incurred significant losses within our Interpace Diagnostics segment due to the ramping up of this business.

Our Commercial Services revenue and profitability depend to a great extent on our relationships with a limited number of large pharmaceutical companies. Our two largest customers in 2014 accounted for approximately 47.4% and 22.3%, respectively, of our revenue. We believe that we will continue to experience a high degree of customer concentration and that the loss or a significant reduction of business from any of our major customers, or a decrease in demand for our services, could have a material adverse effect on our business, financial condition and results of operations.

Revenue, net

Consolidated revenue for the year ended December 31, 2014 decreased by $26.6 million, or 18.2%, to $119.9 million, compared to the year ended December 31, 2013. This decrease was attributable to the change in the number and size of contracts in our Commercial Services segment being executed in 2014.

Revenue in our Commercial Services segment for the year ended December 31, 2014 decreased by $28.1 million, or 19.2%, to $118.5 million, compared to the year ended December 31, 2013. The decrease in Commercial Services revenue, as mentioned above, was primarily due to natural contract expirations or contracts renewing at a smaller size.

Revenue in our Interpace Diagnostics segment for the year ended December 31, 2014 was $1.5 million, primarily attributable to tests processed during November and December of 2014 from the fourth quarter acquisition of RedPath.

Cost of services

Consolidated cost of services for the year ended December 31, 2014 decreased $21.6 million, or 17.6%, to $101.4 million, compared to the year ended December 31, 2013. This decrease was primarily due to the change in revenue from our Commercial Services segment mentioned above.

Cost of services in our Commercial Services segment for the year ended December 31, 2014 decreased to $100.1 million, or 18.4%, compared to the year ended December 31, 2013. This increase was directly attributable to change in revenue discussed above.

Cost of services in our Interpace Diagnostics segment for the year ended December 31, 2014 increased $1.0 million to $1.3 million. The increase was directly attributable to acquisitions of the Acquired Assets from Asuragen and RedPath in the second half of 2014.

Gross profit

Consolidated gross profit for the year ended December 31, 2014 decreased by $5.0 million, or 21.1%, to $18.5 million, compared to the year ended December 31, 2013. The consolidated gross profit percentage remained essentially flat for the years ended December 31, 2014 and December 31, 2013.

The gross profit percentage in our Commercial Services segment for the year ended December 31, 2014 decreased by 0.8%, to 15.5%, compared to the year ended December 31, 2013. This decrease was due to new business being won with lower profit margins resulting from competitive pricing pressures and the reduction in revenue from our Established Relationship Team service offering relative to its fixed management costs.

The gross profit in our Interpace Diagnostics segment for the year ended December 31, 2014 was attributable to tests processed during November and December of 2014 from the fourth quarter acquisition of RedPath.

Note: Compensation expense and Other selling, general and administrative (other SG&A) expense amounts for each segment include allocated corporate overhead.

Compensation expense (in thousands)

Year Ended December 31,	Commercial Services	% of sales	Interpace Diagnostics	% of sales	Total	% of sales
2014	$ 13,153	11.1%	$ 1,659	112.6%	$ 14,812	12.4%
2013	15,122	10.3%	137	N/A	15,259	10.4%
Change	$ (1,969)		$ 1,522		$ (447)	

Consolidated compensation expense for the year ended December 31, 2014 decreased by $0.4 million, or 2.9%, compared to the year ended December 31, 2013. The decrease was primarily attributable to a decrease in incentive compensation expense. As a percentage of consolidated revenue, consolidated compensation expense increased to 12.4% for the year ended December 31, 2014, from 10.4% for the year ended December 31, 2013, primarily due to the decrease in consolidated revenue.

Compensation expense in our Commercial Services segment for the year ended December 31, 2014 decreased by $2.0 million, or 13.0%, to $13.2 million compared to the year ended December 31, 2013. This decrease is primarily attributable to the decline in incentive compensation expense disclosed above. As a percentage of segment revenue, compensation expense increased 0.8%,

t o 11.1% for the year ended December 31, 2014, from 10.3% for the year ended December 31, 2013. The increase in segment compensation expense as a percent of segment revenue was primarily driven by the decrease in segment revenue.

Compensation expense in our Interpace Diagnostics segment for the year ended December 31, 2014 is attributable to the employee costs in the segment from the acquisition of RedPath and increased headcount as we act upon our strategy and the allocated cost of corporate support activities. Compensation expense for the year ended December 31, 2013 is primarily attributable to the allocated costs of corporate support activities.

Other selling, general and administrative expenses (in thousands)

Year Ended December 31,	Commercial Services	% of sales	Interpace Diagnostics	% of sales	Total	% of sales
2014	$ 8,350	7.0%	$ 5,990	NM	$ 14,340	12.0%
2013	9,655	6.6%	28	N/A	9,683	6.6%
Change	$ (1,305)		$ 5,962		$ 4,657	

Consolidated other selling, general and administrative expenses for the year ended December 31, 2014 increased by $4.7 million, or 48.1%, to $14.3 million, compared to the year ended December 31, 2013, due to the costs associated with investing in and launching our molecular diagnostic strategy, the costs of operating our acquisitions since the dates we acquired them, and the acquisition related costs themselves within our Interpace Diagnostics segment. As a percentage of consolidated revenue, consolidated other selling, general and administrative expenses increased to 12.0% for the year ended December 31, 2014, from 6.6% in the year ended December 31, 2013, due to the increase in expense associated with launching our Interpace Diagnostics segment and the decrease in revenue in Commercial Services segment.

Other selling, general and administrative expenses in our Commercial Services segment for the year ended December 31, 2014 decreased by $1.3 million, to $8.4 million, compared to the year ended December 31, 2013. As a percentage of segment revenue, other selling, general and administrative expenses increased 0.4%, to 7.0% for the year ended December 31, 2014, from 6.6% for the year ended December 31, 2013. The increase as a percentage of segment revenue was attributable to the decrease in Commercial Services revenue mentioned above.

Other selling, general and administrative expense in our Interpace Diagnostics segment for the year ended December 31, 2014 represents the costs of operating our acquisitions since the dates we acquired them, the acquisition related costs themselves, investing in and launching our molecular diagnostic strategy and the allocated cost of corporate support activities. These costs primarily consist of legal, professional and consulting fees, acquisition related costs, and study validation costs. Other selling, general and administrative expense for the year ended December 31, 2013 is attributable to the allocated cost of corporate support activities in that year.

Acquisition related amortization expense

During the year ended December 31, 2014, we recorded amortization expense of $0.8 million related to finite-lived intangible assets identified in the 2014 acquisitions of RedPath, the Acquired Property of Asuragen and the CLIA lab.

Asset impairments

During the year ended December 31, 2014, we identified events that had an adverse effect on the fair value of our cost-method investment in the privately held Diagnostics Company and impaired the initial investment of $1.5 million since we considered the decline in our cost-method investment to be other than temporary (based on various factors, including historical financial results, asset quality and the overall health of the investee's industry). In addition, we fully reserved for the loan to the privately held Diagnostics Company, recording a charge of approximately $0.6 million.

Operating loss

There were operating losses from continuing operations of $13.5 million and $1.4 million during the years ended December 31, 2014 and 2013, respectively. The increase in operating loss from continuing operations in the year ended December 31, 2014 was primarily attributable to the decrease in revenue and gross profit in our Commercial Services segment and the costs associated with the launch of our Interpace Diagnostics segment.

Provision for income taxes

We had an income tax benefit of approximately $4.7 million for the year ended December 31, 2014. We had an income tax expense of approximately $0.2 million for the year ended December 31, 2013. The income tax benefit for the year ended December 31, 2014 was primarily due to the release of a valuation allowance for deferred tax assets as a result of recording deferred tax liabilities related to the RedPath acquisition offset by net expense of $0.3 related to current and deferred state income taxes. Income tax expense for the year ended December 31, 2013 was primarily due to state and local taxes as we and our subsidiaries file separate income tax returns in numerous state and local jurisdictions.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2014, we had cash and cash equivalents and short-term investments of approximately $23.2 million and working capital of $11.3 million, compared to cash and cash equivalents and short-term investments of approximately $45.7 million and working capital of approximately $31.3 million at December 31, 2013. As of December 31, 2014 we had outstanding commercial debt of $20.0 million and subordinated notes payable of $11.0 million with a net present value of $7.5 million.

During the years ended December 31, 2014 and December 31, 2013, net cash used in operating activities was $16.4 million and $3.5 million, respectively. The main component of cash used in operating activities during the year ended December 31, 2014 was our net loss. The main components of cash used in operating activities during the year ended December 31, 2013 was our net loss and decreases in our current liability accounts.

As of December 31, 2014, we had $5.9 million of unbilled costs and accrued profits on contracts in progress. When services are performed in advance of billing, the value of such services is recorded as unbilled costs and accrued profits on contracts in progress. Normally all unbilled costs and accrued profits on contracts in progress are billed within a few months of the period they are originally earned and recognized. As of December 31, 2014, we had approximately $6.8 million of unearned contract revenue. Unearned contract revenue represents amounts billed to customers for services that have not been performed. These amounts are recorded as revenue in the periods they are earned, which is generally within a few months of the period they are billed.

For the years ended December 31, 2014 and December 31, 2013, net cash used in investing activities was approximately $25.4 million and $3.3 million, respectively. The net cash used in investing activities in 2014 was primarily related to the $ 13.4 million of cash paid (net) to acquire RedPath and the $8.5 million of cash paid to acquire certain assets from Asuragen. The net cash used in investing activities in 2013 was the investment in the privately held non-controlled entity and capital expenditures.

For the year ended December 31, 2014 there was net cash provided from financing activities of $19.2 million as we entered into a $20.0 million credit agreement. For the year ended December 31, 2013 net cash used in financing activities represents shares that were delivered back to us and included in treasury stock for the payment of taxes resulting from the vesting of restricted stock.

We had standby letters of credit of approximately $1.4 million and $2.0 million at December 31, 2014 and 2013, respectively, as collateral for our existing insurance policies and our facility leases. Our standby letters of credit automatically renew every year unless canceled in writing by us with consent of the beneficiary, generally not less than 60 days before the expiry date.

We did not record any facility realignment charges for the years ended December 31, 2014 and 2013, respectively.

A rollforward of the activity for the facility realignment accrual is as follows (in thousands):

Balance as of January 1, 2013	$	3,279
Accretion		142
Adjustments		—
Payments		(1,459)
Balance as of December 31, 2013	$	1,962
Accretion		142
Adjustments		(16)
Payments		(1,321)
Balance as of December 31, 2014	$	767

Charges for facility lease obligations relate to real estate lease contracts where we have exited certain space and are required to make payments over the remaining lease term (January 2016 for the Saddle River, New Jersey facility, November 2016 for the Dresher, Pennsylvania facility, February 2015 for the Schaumburg, Illinois facility and June 2017 for the Parsippany, New Jersey facility). All lease termination amounts are shown net of projected sublease income.

During 2014 we differentiated ourselves by acting on our strategy of adding more predictable, higher growth, higher margin business that could reduce the natural volatility of our current core business. With our acquisitions of RedPath and certain assets from Asuragen, we executed on our strategic intent of becoming a leading commercialization company for the molecular diagnostics industry. We will expand commercialization of our Interpace Diagnostics as we enter 2015.

In addition, we will continue to focus on the flawless execution of our Commercial Services contracts in order to consistently deliver desired results. We recognize that our relationships with customers are dependent upon the quality of our performance and our ability to reach and engage their target audiences in a positive and meaningful manner. Through our core outsourced promotional services expertise, we will continue to provide innovative and flexible service offerings designed to drive our customers' businesses forward and successfully respond to a continually changing market. We have, and will continue to, evolve our promotional capabilities for many large pharmaceutical companies, a variety of emerging and specialty pharmaceutical and biotechnology companies as well as diagnostic and other healthcare service providers.

We will continue to be diligent with our cash, supplemented by additional financings, if necessary, to continue our strategy of commercializing our molecular diagnostic tests. We will focus on non-dilutive financing opportunities through collaborations and licensing and, if necessary, through equity offerings and debt financing. We will continue to manage resources efficiently, and add both internal and external resources, if necessary, to execute upon our strategy.

Our primary sources of liquidity are cash generated from our operations and available cash and cash equivalents. These sources of liquidity are needed to fund our working capital requirements, contractual obligations and estimated capital expenditures of approximately $2.0 million in 2015. We expect our working capital requirements to increase as a result of growing our molecular diagnostics business.

Considering the information provided above, we anticipate 2015 operations will result in a loss and 2015 cash flows will be negative. We believe that we have adequate cash resources to execute our strategy for our next 12 months. We are constantly evaluating strategies to provide the resources that will allow us to execute our strategic plan. We may require alternative forms of financing to achieve our strategic plan. There are many risks associated with executing our strategy. Failure to meet our financing requirements, if and when needed, would have an adverse effect on our operations or could restrict our growth, limit the development of our businesses, and hinder our ability to fulfill existing or future obligations.

Contractual Obligations

We have committed cash outflow related to operating lease agreements and other contractual obligations. We lease facilities, automobiles and certain equipment under agreements classified as operating leases, which expire at various dates through 2017. Substantially all of the property leases provide for increases based upon use of utilities and landlord's operating expenses as well as predefined rent escalations. Total expense under these agreements for the years ended December 31, 2014 and 2013 was approximately $5.8 million and $4.9 million, respectively, of which $5.2 million and $4.1 million, respectively, related to automobiles leased for use by employees for a maximum lease term of one year from the date of delivery with the option to renew.

In connection with our acquisition of RedPath and certain assets of Asuragen in 2014, we are obligated to make certain royalty and milestone payments. With respect to our acquisition of certain assets of Asuragen, we are obligated to make a milestone payment of $0.5 million to Asuragen upon the earlier of the launch of PancraMir™ or February 13, 2016, and to pay royalties on the future net sales of the miR*Inform*™ pancreas platform for a period of ten years following a qualifying sale, on the future net sales of the miR *Inform*™ thyroid platform through August 13, 2024 and on certain other thyroid diagnostics tests for a period of ten years following a qualifying sale. With respect to our acquisition of RedPath, we entered into the Contingent Consideration Agreement. The former equityholders of RedPath are entitled to a $5 million cash payment upon the achievement by us of $14.0 million or more in annual net sales of PathFinderTG® for the management of Barrett's esophagus and a further $5 million cash payment upon the achievement by us of $37.0 million or more in annual net sales of a basket of assays. In addition, we are obligated to pay revenue based payments through 2025 on annual net sales: above $12.0 million of PancraGen™; up to $30 million of PathFinderTG® for the management of Barrett's esophagus; and above $30 million of PathFinderTG® for the management of Barrett's esophagus.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Inflation

We do not believe that inflation had a significant impact on our results of operations for the periods presented. On an ongoing basis, we attempt to minimize any effects of inflation on our operating results by controlling operating costs and whenever possible, seeking to insure that billing rates reflect increases in costs due to inflation.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a "smaller reporting company" for purposes of the disclosure requirements of Item 305 of Regulation S-K and, therefore, we are not required to provide this information.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and the financial statement schedule specified by this Item 8, together with the reports thereon of BDO USA, LLP, are presented following Item 15 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2014. Our disclosure controls and procedures are designed to reasonably assure that information required to be disclosed by us in reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure and is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Our Chief Executive Officer and Chief Financial Officer have concluded that, based on their review, our disclosure controls and procedures are effective to provide such reasonable assurance.

Our management has conducted an assessment of its internal control over financial reporting as of December 31, 2014 as required by Section 404 of the Sarbanes-Oxley Act. Management's report on our internal control over financial reporting is included in this Form 10-K. Management has concluded that internal control over financial reporting is effective as of December 31, 2014.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f).

All internal control systems, no matter how well designed, have inherent limitations including the possibility of human error and the circumvention or overriding of controls. Further, because of changes in conditions, the effectiveness of internal controls may vary over time. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even those systems determined to be effective can provide us only with reasonable assurance with respect to financial statement preparation and presentation.

Our management has assessed the effectiveness of internal control over financial reporting as of December 31, 2014, following the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework (2013),* updated and reissued by the Committee and Sponsoring Organizations (the Integrated Framework). Based

on our assessment under the Integrated Framework, our management has concluded that our internal control over financial reporting was effective as of December 31, 2014.

Changes in Internal Control over Financial Reporting

There has not been any change in our system of internal control over financial reporting during the fiscal quarter ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Item 2.01 Completion of Acquisition or Disposition of Assets.

On February 27, 2015, we entered into an agreement (the Haymarket Agreement) to sell certain assets and liabilities of one of our subsidiaries, Group DCA, LLC (Group DCA), to Haymarket Media, Inc. (Haymarket) in exchange for future services and potential future royalty payments. Group DCA creates, designs and implements interactive digital communications to the healthcare community on behalf of its pharmaceutical, biotechnology and healthcare customers.

The assets transferred under the Haymarket Agreement are customer facing contracts and agreements, and the related supporting records. The liabilities transferred are obligations to complete services under the aforementioned contracts and agreements. In exchange, we will receive:

1. services performed by Haymarket, which we value at $750,000; and
2. a 15% royalty on contracts signed over the period from March 1, 2015 through February 28, 2018 relating to the clients, contracts and opportunities transferred to Haymarket under the agreement.

As a part of the transaction, we will pay Haymarket approximately $0.6 million to be used for working capital purposes.

We estimate that the costs associated with the exit from the Group DCA business discussed above will be approximately $0.7 million of severance costs. Substantially all exit costs are expected to be incurred as cash expenditures. As of December 31, 2014, based upon offers received, the Company concluded that the carrying value of the Group DCA business unit was in excess of its fair value. In addition to the exit costs disclosed above, we will incur a non-cash charge of approximately $1.9 million. This non-cash charge includes the write-down of goodwill and the accounts receivable of Group DCA, which is partially offset by the value of services and future royalties, which we currently estimate to be $0.2 million. This non-cash charge also includes the write-off of assets of $0.7 million. The operations and related exit costs of Group DCA are shown as discontinued operations in the year ended December 31, 2014 and all previously reported periods.

(tabular information in thousands, except share and per share data)

Pro forma statements of operations are not presented as the presentation of such would not be any different than what we have disclosed in this Annual Report of Form 10-K. A pro forma balance sheet excluding the assets and liabilities classified as held-for-sale by the Company as of December 31, 2014 is as follows:

	PDI, Inc.	Pro Forma Divestiture Adjustments	Pro Forma
Current assets (1)	$ 44,866	$ 197	$ 45,063
Non-current assets (2)	71,040	(1,295)	69,745
Total assets	$ 115,906	$ (1,098)	$ 114,808
Current liabilities (3)	$ 33,578	$ (1,098)	$ 32,480
Non-current liabilities	62,206	—	62,206
Total liabilities	95,784	(1,098)	94,686
Stockholders' equity	20,122	—	20,122
Total liabilities and stockholders' equity	$ 115,906	$ (1,098)	$ 114,808

(1) Current assets pro forma divestiture adjustment includes future services to be provided by Haymarket and future royalties valued at $0.8 million offset in part by *accounts receivable, net* of $0.6 million.

(2) Non-current assets pro forma divestiture adjustment includes the residual balance of goodwill of the business unit.

(3) Current liabilities pro forma divestiture adjustment includes $1.7 million of unearned contract revenue offset by $0.6 million to be paid to Haymarket for working capital purposes.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information relating to directors and executive officers of the registrant that is responsive to Item 10 of this Annual Report on Form 10-K will be included in our Proxy Statement for our 2015 annual meeting of stockholders and such information is incorporated by reference herein.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to executive compensation that is responsive to Item 11 of this Annual Report on Form 10-K will be included in our Proxy Statement for our 2015 annual meeting of stockholders and such information is incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information relating to security ownership of certain beneficial owners and management that is responsive to Item 12 of this Annual Report on Form 10-K will be included in our Proxy Statement for our 2015 annual meeting of stockholders and such information is incorporated by reference herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information relating to certain relationships and related transactions that is responsive to Item 13 of this Annual Report on Form 10-K will be included in our Proxy Statement for our 2015 annual meeting of stockholders and such information is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information relating to principal accounting fees and services that is responsive to Item 14 of this Annual Report on Form 10-K will be included in our Proxy Statement for our 2015 annual meeting of stockholders and such information is incorporated by reference herein.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Form 10-K:

(1) Financial Statements – See Index to Financial Statements on page F-1 of this Form 10-K.

(2) Financial Statement Schedule

Schedule II: Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(3) Exhibits

Exhibit No.	Description
2.1	Asset Purchase Agreement by and among InServe Support Solutions, the Company and Informed Medical Communications, Inc. dated December 30, 2011, incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC on March 9, 2012. Upon the request of the SEC, the Company agrees to furnish copies of the following exhibits and schedules: Exhibit A - Form of Promissory Note; Exhibit B - Form of Bill of Sale; Exhibit C - Form of Assignment and Assumption Agreement; Schedule 1(a)(ii) - Contracts, Agreements, Proposals, Identified Opportunities; Schedule 1(a)(ii) - Client and Customer List; Schedule 1(a)(iii) - Intellectual Property Assets; Schedule 1.1(b) - Accounts Receivable; Schedule 2(b) - Programs Qualifying for Buyer Royalty Payments; Schedule 9(g) - Consents; Schedule 15 - Employees; Schedule 17(f) - Name Use Terminations.
2.2	Asset Purchase Agreement, dated August 13, 2014, by and between Interpace Diagnostics, LLC and Asuragen, Inc., incorporated by reference to the designated exhibit of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 5, 2014
2.3	Agreement and Plan of Merger, dated October 31, 2014, by and among RedPath Integrated Pathology, Inc., the Company, Interpace Diagnostics, LLC, RedPath Acquisition Sub, Inc. and RedPath Equityholder Representative, LLC, filed herewith
3.1	Certificate of Incorporation of PDI, Inc., incorporated by reference to the designated exhibit of the Company's Registration Statement on Form S-1 (File No. 333-46321), filed with the SEC on May 19, 1998
3.2	Certificate of Amendment of Certificate of Incorporation of PDI, Inc., incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2001, filed with the SEC on March 13, 2002
3.3	Certificate of Amendment to the Certificate of Incorporation of PDI, Inc., incorporated by reference to the designated exhibit of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed with the SEC on August 14, 2012
3.4	Amended and Restated By-Laws of PDI, Inc., incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on March 6, 2014
4.1	Specimen Certificate Representing the Common Stock, incorporated by reference to the designated exhibit of the Company's Registration Statement on Form S-1 (File No. 333-46321), filed with the SEC on May 19, 1998
10.1*	2000 Omnibus Incentive Compensation Plan, incorporated by reference to the designated exhibit of the Company's Current Report on Form 8-K filed with the SEC on October 20, 2014
10.2*	Executive Deferred Compensation Plan, incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 8, 2010
10.3*	Amended and Restated 2004 Stock Award and Incentive Plan, incorporated by reference to the designated exhibit of the Company's definitive proxy statement filed with the SEC on April 28, 2004
10.4	Amendment No. 1 to the Amended and Restated 2004 Stock Award and Incentive Plan, filed herewith
10.5*	Form of Restricted Stock Unit Agreement for Employees, incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on March 8, 2009
10.6*	Form of Stock Appreciation Rights Agreement for Employees, incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on March 8, 2009
10.7*	Form of Restricted Stock Unit Agreement for Directors, incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on March 8, 2009
10.8*	Form of Restricted Share Agreement, incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 8, 2010
10.9*	Employment Separation Agreement between the Company and Nancy Lurker, incorporated by reference to the designated exhibit of the Company's Current Report on Form 8-K filed with the SEC on November 18, 2008
10.10*	Amended and Restated Employment Agreement between the Company and Jeffrey Smith, incorporated by reference to the designated exhibit of the Company's Current Report on Form 8-K filed with the SEC on January 7, 2009
10.11	Amended and Restated Employment Separation Agreement, dated October 20, 2014, by and between the Company and Jeffrey E. Smith, filed herewith

Exhibit No.	Description
10.12	Offer Letter between the Company and Graham G. Miao, dated October 14, 2014, incorporated by reference to the designated exhibit of the Company's Current Report on Form 8-K filed with the SEC on October 20, 2014
10.13	Employment Separation Agreement between the Company and Graham G. Miao, incorporated by reference to the designated exhibit of the Company's Current Report on Form 8-K filed with the SEC on October 20, 2014
10.14	Confidential Information, Non-Disclosure, Non-Competition, Non-Solicitation and Rights to Intellectual Property Agreement between the Company and Graham G. Miao, dated October 14, 2014, incorporated by reference to the designated exhibit of the Company's Current Report on Form 8-K filed with the SEC on October 20, 2014
10.15	Form of Restricted Stock Unit Inducement Agreement, by and between the Company and Graham G. Mio, incorporated by reference to the designated exhibit of the Company's Current Report on Form 8-K filed with the SEC on October 20, 2014
10.16	Stock Appreciation Rights Inducement Agreement by and between the Company and Graham G. Miao, incorporated by reference to the designated exhibit of the Company's Current Report on Form 8-K filed with the SEC on October 20, 2014
10.17	Morris Corporate Center Lease, incorporated by reference to the designated exhibit of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, filed with the SEC on November 5, 2009
10.18†	Amended and Restated Master Services Agreement, dated September 23, 2009, between the Company and Pfizer Inc., incorporated by reference to the designated exhibit of the Company's Amended Annual Report on Form 10-K/A for the year ended December 31, 2009, filed with the SEC on January 28, 2011
10.19†	Statement of Work dated October 2, 2012 between the Company and Pfizer Inc., incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on March 15, 2013
10.20†	Amendment No. 1 to the Amended and Restated Master Services Agreement, effective September 22, 2011, between the Company and Pfizer Inc., incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on March 15, 2013
10.21	Consulting Agreement, dated July 1, 2010, between the Company and John P. Dugan, incorporated by reference to the designated exhibit of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, filed with the SEC on August 4, 2010
10.22*	Stock Appreciation Rights for Nancy Lurker, incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on March 6, 2014
10.23*	New Hire Chief Executive Officer Term Sheet, incorporated by reference to the designated exhibit of the Company's Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on March 23, 2011
10.24†	Collaboration Agreement dated as of August 19, 2013, incorporated by reference to the designated exhibit of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, filed with the SEC on November 11, 2013
10.25*	First Amendment to the Collaboration Agreement, dated August 19, 2013, incorporated by reference to the designated exhibit of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 5, 2014
10.26	Non-negotiable Subordinated Secured Promissory Note, dated October 31, 2014, by the Company and Interpace Diagnostics, LLC in favor of RedPath Equityholder Representative, LLC, filed herewith
10.27	Contingent Consideration Agreement, dated October 31, 2014, by and among the Company, Interpace Diagnostics, LLC and RedPath Equityholder Representative, LLC, filed herewith
10.28	Credit Agreement, dated October 31, 2014, by and among the Company, SWK Funding LLC and the financial institutions party thereto from time to time as lenders, filed herewith
10.29	Guarantee and Collateral Agreement, dated October 31, 2014, by and among the Company, Group DCA, LLC, Interpace Diagnostics, LLC, JS Genetics, Inc., RedPath Acquisition Sub, Inc. and SWK Funding LLC, filed herewith
10.30	Guarantee and Collateral Agreement, dated October 31, 2014, by and among the Company, Group DCA, LLC, Interpace BioPharma, LLC, Interpace Diagnostics, LLC, JS Genetics, Inc., RedPath Acquisition Sub, Inc., and RedPath Equityholder Representative, LLC, filed herewith
10.31	Subordination and Intercreditor Agreement, dated October 31, 2014, by and among the Company, RedPath Equityholder Representative, LLC and SWK Funding LLC, filed herewith
10.32	Settlement Agreement, dated January 28, 2013, by and between RedPath Integrated Pathology, Inc. (now known as Interpace Diagnostics Corporation) and the United States of America, filed herewith

Exhibit No.	Description
10.33	Transition Services Agreement, dated August 13, 2014 by and between Interpace Diagnostics, LLC and Asuragen, Inc., incorporated by reference to the designated exhibit of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 5, 2014
10.34	License Agreement, dated August 13, 2014, by and between Interpace Diagnostics, LLC and Asuragen, Inc., incorporated by reference to the designated exhibit of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 5, 2014
10.35	CPRIT License Agreement, dated August 13, 2014, by and between Interpace Diagnostics, LLC and Asuragen, Inc., incorporated by reference to the designated exhibit of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 5, 2014
10.36	Supply Agreement, dated August 13, 2014, by and between Interpace Diagnostics, LLC and Asuragen, Inc., incorporated by reference to the designated exhibit of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 5, 2014
10.37	Guaranty, dated August 13, 2014 by the Company in favor of Asuragen, Inc., incorporated by reference to the designated exhibit of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 5, 2014
10.38*	Employment Separation Agreement, effective as of October 10, 2011, by and between PDI, Inc. and Gerald Melillo, filed herewith
10.39*	Confidentiality, Non-Competition, and Non-Solicitation Agreement, dated October 10, 2011, by and between PDI, Inc. and Gerald Melillo, filed herewith
10.40	Lease, dated October 10, 2007, by and between Spring Way Center, LLC and RedPath Integrated Pathology, Inc. (now known as Interpace Diagnostics, LLC), filed herewith
10.41	Lease Renewal, dated April 3, 2013, by and between Spring Way Center, LLC and RedPath Integrated Pathology, Inc. (now known as Interpace Diagnostics, LLC), filed herewith
10.42	Lease, dated June 28, 2016, by and between WE 2 Church Street South LLC and JS Genetics, LLC, filed herewith
10.43	Amendment No. 1 to Lease, dated September 18, 2007, by and between WE 2 Church Street South LLC and JS Genetics, LLC, filed herewith
10.44	Amendment No. 2 to Lease, dated August 29, 2008, by and between WE 2 Church Street South LLC and JS Genetics, LLC, filed herewith
10.45	Amendment No. 3 to Lease, dated April 8, 2009, by and between WE 2 Church Street South LLC and JS Genetics, LLC, filed herewith
10.46	Amendment No. 4 to Lease, dated September 16, 2010, by and between WE 2 Church Street South LLC and JS Genetics, LLC, filed herewith
10.47	Amendment No. 5 to Lease, dated September 15, 2011, by and between WE 2 Church Street South LLC and JS Genetics, LLC, filed herewith
10.48	Amendment No. 6 to Lease, dated March 5, 2014, by and between WE 2 Church Street South LLC and JS Genetics, LLC, filed herewith
10.49	Amendment No. 7 to Lease, dated August 29, 2014, by and between WE 2 Church Street South LLC and JS Genetics, LLC, filed herewith
21.1	Subsidiaries of the Registrant, filed herewith
23.1	Consent of BDO USA, LLP, filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith
*	Denotes compensatory plan, compensation arrangement or management contract.
†	Portions of this Exhibit were omitted and filed separately with the Secretary of the SEC pursuant to an order for confidential treatment from the SEC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on the 5th day of March, 2015.

PDI, INC.
/s/ Nancy S. Lurker
Nancy S. Lurker
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Form 10-K has been signed by the following persons on behalf of the Registrant and in the capacities indicated and on the 5th day of March, 2015.

Signature	Title
/s/ Gerald Belle Gerald Belle	Chairman of the Board of Directors
/s/ Nancy S. Lurker Nancy S. Lurker	Chief Executive Officer and Director (principal executive officer)
/s/ Graham G. Miao Graham G. Miao	Chief Financial Officer and Treasurer (principal financial officer)
/s/ Patrick K. Kane Patrick K. Kane	Vice President and Corporate Controller
/s/ Heiner Dreismann Heiner Dreismann	Director
/s/ John Federspiel John Federspiel	Director
/s/ Jack E. Stover Jack E. Stover	Director
/s/ Stephen J. Sullivan Stephen J. Sullivan	Director

PDI, Inc.
Index to Consolidated Financial Statements
and Financial Statement Schedules

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of PDI, Inc.:

We have audited the accompanying consolidated balance sheets of PDI, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive loss, stockholders' equity, and cash flows for the years ended December 31, 2014 and 2013. In connection with our audits of the financial statements, we have also audited the financial statements schedule listed in the accompanying index. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall presentation of the financial statements and schedule. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PDI, Inc. at December 31, 2014 and 2013, and the results of its operations and its cash flows for the years ended December 31, 2014 and 2013, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the related financial statement schedule, when considered in the relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/BDO USA, LLP

Woodbridge, New Jersey
March 5, 2015

PDI, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,111	$ 45,639
Short-term investments	107	103
Accounts receivable, net	8,505	1,903
Unbilled costs and accrued profits on contracts in progress	5,918	7,982
Other current assets	7,225	7,082
Total current assets	44,866	62,709
Property and equipment, net	3,184	1,568
Goodwill	15,545	—
Other intangible assets, net	47,304	—
Other long-term assets	5,007	4,787
Total assets	$ 115,906	$ 69,064
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,308	$ 2,200
Unearned contract revenue	6,752	7,346
Accrued salary and bonus	7,696	9,377
Other accrued expenses	14,822	12,477
Total current liabilities	33,578	31,400
Contingent consideration	25,909	—
Long-term debt, net of debt discount	27,154	—
Other long-term liabilities	9,143	5,185
Total liabilities	95,784	36,585
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, $.01 par value; 5,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $.01 par value; 40,000,000 shares authorized; 16,558,140 and 16,316,169 shares issued, respectively; 15,361,133 and 15,169,898 shares outstanding, respectively	165	163
Additional paid-in capital	134,171	130,229
Accumulated deficit	(99,896)	(83,823)
Accumulated other comprehensive income	16	16
Treasury stock, at cost (1,197,007 and 1,146,271 shares, respectively)	(14,334)	(14,106)
Total stockholders' equity	20,122	32,479
Total liabilities and stockholders' equity	$ 115,906	$ 69,064

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

PDI, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands, except per share data)

	For The Years Ended December 31,	
	2014	**2013**
Revenue, net	$ 119,935	$ 146,534
Cost of services	101,394	123,029
Gross profit	18,541	23,505
Operating expenses:		
Compensation expense	14,812	15,259
Other selling, general and administrative expenses	14,340	9,683
Acquisition related amortization expense	773	—
Asset impairments	2,086	—
Total operating expenses	32,011	24,942
Operating loss	(13,470)	(1,437)
Interest expense	(602)	—
Other income, net	(68)	(59)
Loss from continuing operations before tax	(14,140)	(1,496)
(Benefit from) provision for income tax	(4,738)	180
Loss from continuing operations	(9,402)	(1,676)
Loss from discontinued operations, net of tax	(6,671)	(2,889)
Net loss	$ (16,073)	$ (4,565)
Other comprehensive income (loss):		
Unrealized holding gain on available-for-sale securities, net	—	5
Comprehensive loss	$ (16,073)	$ (4,560)
Basic and diluted loss per share of common stock:		
From continuing operations	$ (0.63)	$ (0.11)
From discontinued operations	(0.45)	(0.20)
Net loss per basic and diluted share of common stock	$ (1.08)	$ (0.31)
Weighted average number of common shares and common share equivalents outstanding:		
Basic	14,901	14,718
Diluted	14,901	14,718

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

PDI, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	For The Years Ended December 31,			
	2014		2013	
	Shares	Amount	Shares	Amount
Common stock:				
Balance at January 1	16,316	$ 163	16,064	$ 161
Common stock issued	81	—	146	1
SARs exercised	—	—	1	—
Restricted stock issued	174	2	143	1
Restricted stock forfeited	(13)	—	(38)	—
Balance at December 31	16,558	165	16,316	163
Treasury stock:				
Balance at January 1	1,146	(14,106)	1,097	(13,792)
Treasury stock purchased	51	(228)	49	(314)
Balance at December 31	1,197	(14,334)	1,146	(14,106)
Additional paid-in capital:				
Balance at January 1		130,229		128,508
Common stock issued		—		—
Contingent consideration		1,820		—
Restricted stock issued		(2)		(2)
Stock-based compensation expense		2,124		1,723
Balance at December 31		134,171		130,229
Accumulated deficit:				
Balance at January 1		(83,823)		(79,258)
Net loss		(16,073)		(4,565)
Balance at December 31		(99,896)		(83,823)
Accumulated other comprehensive income (loss):				
Balance at January 1		16		11
Unrealized holding gain on available-for-sale securities, net of tax		—		5
Balance at December 31		16		16
Total stockholders' equity		$ 20,122		$ 32,479

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

PDI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For The Years Ended December 31,	
	2014	**2013**
Cash Flows From Operating Activities		
Net loss	$ (16,073)	$ (4,565)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,391	1,425
Deferred taxes	(5,035)	—
Realignment accrual accretion	142	142
Interest accretion	139	—
Provision for bad debt	—	9
Impairment of discontinued operations	1,906	—
Stock-based compensation	2,124	1,723
Asset impairments - privately held non-controlled entity	2,086	—
Other changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,422)	8,256
Decrease (increase) in unbilled costs	2,064	(6,027)
Decrease in other current assets	1,614	1,740
Decrease in other long-term assets	193	165
Increase (decrease) in accounts payable	786	(1,038)
Decrease in unearned contract revenue	(929)	(5,122)
(Decrease) increase in accrued salaries and bonus	(4,248)	2,969
Increase (decrease) in accrued liabilities	1,180	(1,805)
Decrease in long-term liabilities	(1,296)	(1,384)
Net cash used in operating activities	(16,378)	(3,512)
Cash Flows From Investing Activities		
Purchase of property and equipment	(2,851)	(1,818)
Acquisition of diagnostic assets	(8,500)	—
Acquisition of RedPath, net of cash acquired	(13,359)	—
Loan to privately held non-controlled entity	(655)	—
Investment in privately held non-controlled entity	—	(1,500)
Net cash used in investing activities	(25,365)	(3,318)
Cash Flows From Financing Activities		
Cash received from financing arrangement	20,000	—
Cash paid for debt discount and deferred financing costs	(557)	
Cash paid for repurchase of restricted shares	(228)	(314)
Net cash provided by (used in) financing activities	19,215	(314)
Net decrease in cash and cash equivalents	(22,528)	(7,144)
Cash and cash equivalents – beginning	45,639	52,783
Cash and cash equivalents – ending	$ 23,111	$ 45,639
Cash paid for taxes	$ 115	$ 235

Supplemental Disclosures of Noncash Investing and Financing Activities

(in thousands)

	For the Years Ended December 31,	
	2014	2013
Contingent consideration - common stock	$ 1,820	$ —
Contingent consideration - deferred payments	$ 26,542	$ —
Subordinated note payable	$ 11,000	$ —

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

1. Nature of Business and Significant Accounting Policies

Nature of Business

PDI, Inc., together with its wholly-owned subsidiaries (PDI or the Company), is a leading provider of outsourced commercial services to established and emerging pharmaceutical, biotechnology and healthcare companies in the United States and is also developing and commercializing molecular diagnostic tests to detect genetic alterations that are associated with gastrointestinal and endocrine cancers. The Company provides these services through its two reporting segments: Commercial Services and Interpace Diagnostics.

Through its Commercial Services segment, PDI is a leading provider of outsourced sales teams that target healthcare providers, offering a range of complementary sales support services designed to achieve its customers' strategic and financial product objectives. In addition to outsourced sales teams in the United States, PDI also provides other promotional services, including clinical educator services, teledetailing and full product commercialization services. PDI's Commercial Services segment offer customers a range of both personal and non-personal promotional options for the commercialization of their products throughout their lifecycles, from development through maturity. These services include product distribution, personal and non-personal product detailing, full supply chain management, operations, sales, marketing, compliance, and regulatory/medical management. PDI provides innovative and flexible service offerings designed to drive customers' businesses forward and successfully respond to a continually changing market. The Company's services provide a vital link between its customers and the medical community through the communication of product information to physicians and other healthcare professionals for use in the care of their patients.

Through its Interpace Diagnostics segment, PDI has taken action on its stated strategy focused on becoming a leading commercialization company for the molecular diagnostics industry via in-licensing, acquiring or partnering. Leveraging PDI's core sales and marketing and full commercialization capabilities, the Company believes this is a natural extension for itself and the strength of its core capabilities. During 2014, the Company made acquisitions in connection with this strategy. In October 2014 and August 2014, the Company acquired RedPath Integrated Pathology, Inc. (RedPath) and certain assets from Asuragen, Inc. (Asuragen), respectively. The Company's Interpace Diagnostics segment currently offers PancraGen™ (formerly known as PathFinderTG® Pancreas), a diagnostic test designed for determining risk of malignancy in pancreatic cysts, and ThyGenX™, a next-generation sequencing test designed to assist physicians in distinguishing between benign and malignant genotypes in indeterminate thyroid nodules. In addition, the Company has three diagnostic tests in late stage development that are designed to detect genetic alterations that are associated with gastrointestinal cancers and one diagnostic test in late stage development that is designed to detect genetic alterations that are associated with endocrine cancers. See Note 3, Acquisitions for further information.

Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The consolidated financial statements include the accounts of PDI, Inc. and its wholly-owned subsidiaries: PDI BioPharma, LLC; and Interpace Diagnostics Corporation; Interpace Diagnostics, LLC. Discontinued operations includes the Company's wholly-owned subsidiaries: Group DCA, LLC (Group DCA); InServe Support Solutions (Pharmakon); and TVG, Inc. (TVG, dissolved December 31, 2014). All significant intercompany balances and transactions have been eliminated in consolidation.

Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates are based on historical experience, facts and circumstances available at the time, and various other assumptions that are believed to be reasonable under the circumstances. Significant estimates include accounting for business combinations, valuation allowances related to deferred income taxes, self-insurance loss accruals, allowances for doubtful accounts and notes, income tax accruals, asset impairments and facilities realignment accruals. The Company periodically reviews these matters and reflects changes in estimates as appropriate. Actual results could materially differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include unrestricted cash accounts, money market investments and highly liquid investment instruments with original maturity of three months or less at the date of purchase.

Receivables and Allowance for Doubtful Accounts

Commercial Services segment: Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Management reviews a customer's credit history before extending credit. The Company records a provision for estimated losses based upon the inability of its customers to make required payments using historical experience and periodically adjusts these provisions to reflect actual experience. Additionally, the Company will establish a specific allowance for doubtful accounts when it becomes aware of a specific customer's inability or unwillingness to meet its financial obligations (e.g., bankruptcy filing). There was a $9,000 allowance for doubtful accounts for trade accounts receivables as of December 31, 2013 and no allowance for doubtful accounts as of December 31, 2014.

Interpace Diagnostics segment: The Company's accounts receivable are generated using its proprietary tests. The Company's services are fulfilled upon completion of the test, review and release of the test results. In conjunction with fulfilling these services, the Company bills the third-party payor or hospital. The Company recognizes accounts receivable related to billings for Medicare, Medicare Advantage, and hospitals on an accrual basis, net of contractual adjustment, when collectability is reasonably assured. Contractual adjustments represent the difference between the list prices and the reimbursement rate set by Medicare and Medicare Advantage, or the amounts billed to hospitals.

Interpace Diagnostics provided to commercial insurance carriers or governmental program that do not have a contract in place for its proprietary tests may or may not be covered by these entities existing reimbursement policies. In addition, the Company does not enter into direct agreements with patients that commit them to pay any portion of the cost of the tests in the event that their commercial insurance carrier or governmental program does not pay the Company for its services. In the absence of an agreement with the patient, or other clearly enforceable legal right to demand payment from commercial insurance carriers or governmental agencies, no accounts receivable is recognized.

Unbilled Costs and Accrued Profits

In general, contractual provisions, including predetermined payment schedules or submission of appropriate billing detail, establish the prerequisites for billings. Unbilled costs and accrued profits arise when services have been rendered and payment is assured but customers have not been billed. These amounts are classified as a current asset.

Unearned Contract Revenue

Normally, the customers agree to pay the Company a portion of the fee due under a contract in advance of performance of services because of large recruiting and employee development costs associated with the initial phase of a contract performance and effort required in the development of interactive digital communications. The excess of amounts billed over revenue recognized represents unearned contract revenue, which is classified as a current liability.

Loans and Investments in Privately Held Entities

From time-to-time, the Company makes investments in and/or loans to privately-held companies. The Company determines whether the fair values of any investments in privately held entities have declined below their carrying value whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. If the Company considers any such decline to be other than temporary (based on various factors, including historical financial results, asset quality and the overall health of the investee's industry), a write-down to estimated fair value is recorded. As of December 31, 2013, the Company had an investment in a privately held non-controlled entity of $1.5 million within *Other current assets* in the Consolidated Balance Sheets in accordance with Accounting Standards Codification (ASC) 325-20 Investments Other - Cost Method Investments. In the fourth quarter of 2014, the Company identified events that have had an adverse effect on the fair value of this cost-method investment and recorded a charge within continuing operations.

On a quarterly basis, the Company reviews outstanding loans receivable to determine if a provision for doubtful notes is necessary. These reviews include discussions with senior management of the investee, and evaluations of, among other things, the investee's progress against its business plan, its product development activities and customer base, industry market conditions, historical and projected financial performance, expected cash needs and recent funding events. Subsequent cash receipts on the outstanding interest are applied against the outstanding interest receivable balance

and the corresponding allowance. As of December 31, 2014 and 2013, the Company had loan receivable balances of $1.3 million and $0.8 million, respectively, which were both fully reserved for.

See Note 18, Investment in Privately Held Non-Controlled Entity and Other Arrangements for further information.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation and amortization is recognized on a straight-line basis, using the estimated useful lives of: seven to ten years for furniture and fixtures; two to five years for office and computer equipment; five to seven years for lab equipment; and leasehold improvements are amortized over the shorter of the estimated service lives or the terms of the related leases which are currently four to five years. Repairs and maintenance are charged to expense as incurred. Upon disposition, the asset and related accumulated depreciation are removed from the related accounts and any gains or losses are reflected in operations.

Software Costs

Internal-Use Software - It is the Company's policy to capitalize certain costs incurred in connection with developing or obtaining internal-use software. Capitalized software costs are included in property and equipment on the consolidated balance sheet and amortized over the software's useful life, generally three to seven years. Software costs that do not meet capitalization criteria are expensed immediately.

External-Use Software - It is the Company's policy to capitalize certain costs incurred in connection with developing or obtaining external-use software. Capitalized software costs are included in property and equipment on the consolidated balance sheet and amortized over the software's useful life, generally three years. Software costs that do not meet capitalization criteria are expensed immediately.

See Note 6, Property and Equipment and Note 19, Discontinued Operations for further information.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents and investments in marketable securities. The Company maintains deposits in federally insured financial institutions. The Company also holds investments in Treasury money market funds that maintain an average portfolio maturity less than 90 days and deposits held with financial institutions may exceed the amount of insurance provided on such deposits; however, management believes the Company is not exposed to significant credit risk due to the financial position of the financial institutions in which those deposits are held and the nature of the investments.

Acquisition Accounting

The Company accounts for business combinations by applying the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets transferred, liabilities incurred, equity instruments issued, and costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over our interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. Terminal values are based on the expected life of products and forecasted life cycle and cash flows over that period. Although we believe that the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ materially from the forecasted amounts. See Note 3, Acquisitions included for further information.

Goodwill and Indefinite-Lived Intangible Assets

The Company allocates the cost of acquired companies to the identifiable tangible and intangible assets acquired and liabilities assumed, with the remaining amount classified as goodwill. Since the entities the Company has acquired do not have significant tangible assets, a significant portion of the purchase price has been allocated to intangible assets and goodwill. The identification and valuation of these intangible assets and the determination of the estimated useful lives at the time of acquisition, as well as the completion of impairment tests require significant management judgments and estimates. These estimates are made based on, among other factors, reviews of projected future operating results and business plans, economic projections, anticipated highest and best use of future cash flows and the market participant cost of capital. The use of alternative estimates and assumptions could increase or decrease the estimated fair value of goodwill and other intangible assets, and potentially result in a different impact to the Company's results of operations. Further, changes in business strategy and/or market conditions may significantly impact these judgments and thereby impact the fair value of these assets, which could result in an impairment of the goodwill or intangible assets.

The Company tests its goodwill for impairment at least annually (as of December 31) and whenever events or circumstances change that indicate impairment may have occurred. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include, among others: a significant decline in our expected future cash flows; a sustained, significant decline in our stock price and market capitalization; a significant adverse change in legal factors or in the business climate of the pharmaceutical industry; unanticipated competition; and slower growth rates. Any adverse change in these factors could have a significant impact on the recoverability of goodwill, indefinite-lived intangible assets and our consolidated financial results. If the Company's projected long-term sales growth rate, profit margins, or terminal rate change, or the assumed weighted-average cost of capital is considerably higher, future testing may indicate impairment in this reporting unit and, as a result, all or a portion of these assets may become impaired.

The Company tests its goodwill for impairment at the business (reporting) unit level, which is one level below its operating segments. The goodwill has been assigned to the reporting unit to which the value relates. One of the Company's reporting units, Gastrointestinal, has goodwill. The Company tests goodwill by estimating the fair value of the reporting unit using a Discounted Cash Flow (DCF) model. The key assumptions used in the DCF model to determine the highest and best use of estimated future cash flows include revenue growth rates and profit margins based on internal forecasts, terminal value and an estimate of a market participant's weighted-average cost of capital used to discount future cash flows to their present value. While the Company uses available information to prepare estimates and to perform impairment evaluations, actual results could differ significantly from these estimates or related projections, resulting in impairment related to recorded goodwill balances.

During the Company's 2013 annual impairment tests of goodwill and indefinite-lived intangible assets, management did not identify any potential indicators of impairment. See Note 4, Fair Value Measurements and Note 7, Goodwill and Other Intangible Assets for further information.

In connection with the Company's decision to dispose of its eDetailing business, the Company concluded that the carrying value of the Group DCA business unit was in excess of its fair value and the goodwill associated with the 2010 acquisition of Group DCA was impaired. The Company reclassified goodwill associated with Group DCA to held-for sale, included with other non-current assets, and reduced the net assets of Group DCA to their relative fair value. An impairment loss of $1.2 million has been recorded within Loss from discontinued operations, net of tax in the consolidated statement of comprehensive loss for the year ended December 31, 2014. See Note 19, Discontinued Operations for further information.

Long-Lived Assets, including Finite-Lived Intangible Assets

Finite-lived intangible assets are stated at cost less accumulated amortization. Amortization of finite-lived acquired intangible assets is recognized on a straight-line basis, using the estimated useful lives of the assets of approximately two years to nine years in acquisition related amortization expense in the consolidated statements of comprehensive loss.

The Company reviews the recoverability of long-lived assets and finite-lived intangible assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized by reducing the recorded value of the asset to its fair value measured by future discounted cash flows. This analysis requires estimates of the amount and timing of projected cash flows and, where applicable, judgments associated with, among other factors, the appropriate discount rate. Such estimates are critical in determining whether any impairment charge should be recorded and the amount of such charge if an impairment loss is deemed to be necessary. During the year ended December 31,

2014, $0.7 million of long-lived assets were impaired within loss from discontinued operations related to the disposition of Group DCA. See Note 7, Goodwill and Other Intangible Assets for further information.

Self-Insurance Accruals

The Company is self-insured for benefits paid under employee healthcare programs. The Company's liability for healthcare claims is estimated using an underwriting determination which is based on the current year's average lag days between when a claim is incurred and when it is paid. The Company maintains stop-loss coverage with third-party insurers to limit its total exposure on all of these programs. Periodically, the Company evaluates the level of insurance coverage and adjusts insurance levels based on risk tolerance and premium expense. Management reviews the self-insurance accruals on a quarterly basis. Actual results may vary from these estimates, resulting in an adjustment in the period of the change in estimate. Prior to October 1, 2008, the Company was also self-insured for certain losses for claims filed and claims incurred but not reported relating to workers' compensation and automobile-related liabilities for Company-leased cars. Beginning October 1, 2008, the Company became fully-insured through an outside carrier for these losses. The Company's liability for claims filed and claims incurred but not reported prior to October 1, 2008 is estimated on an actuarial undiscounted basis supplied by our insurance brokers and insurers using individual case-based valuations and statistical analysis. These estimates are based upon judgment and historical experience. However, the final cost of many of these claims may not be known for five years or more after filing of the claim. As of December 31, 2013, the Company had no outstanding claims filed and claims incurred but not reported for self-insured automobile-related liabilities. At December 31, 2014 and 2013, self-insurance accruals totaled $0.5 million and $1.0 million, respectively, and are included in other accrued expenses on the balance sheet.

Contingencies

In the normal course of business, the Company is subject to various contingencies. Contingencies are recorded in the consolidated financial statements when it is probable that a liability will be incurred and the amount of the loss is reasonably estimable, or otherwise disclosed, in accordance with ASC 450, Contingencies. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. In the event the Company determines that a loss is not probable, but is reasonably possible, and it becomes possible to develop what the Company believes to be a reasonable range of possible loss, then the Company will include disclosures related to such matter as appropriate and in compliance with ASC 450. To the extent there is a reasonable possibility that the losses could exceed the amounts already accrued, the Company will, when applicable, adjust the accrual in the period the determination is made, disclose an estimate of the additional loss or range of loss, indicate that the estimate is immaterial with respect to its financial statements as a whole or, if the amount of such adjustment cannot be reasonably estimated, disclose that an estimate cannot be made. The Company is currently involved in certain legal proceedings and, as required, the Company has accrued its estimate of the probable costs for the resolution of these claims. These estimates are developed in consultation with outside counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. Predicting the outcome of claims and litigation, and estimating related costs and exposures, involves substantial uncertainties that could cause actual costs to vary materially from estimates.

In connection with the October 31, 2014 acquisition of RedPath the Company assumed a liability for a January 2013 settlement agreement entered into by the former owners of RedPath with the United States Department of Justice (DOJ). Under the terms of the Settlement Agreement, the Company is obligated to make payments to the DOJ. These payments are due March 31st following the calendar year that the revenue milestones are achieved. The Company has been indemnified by the former owners of RedPath for a substantial portion of the obligation and has recorded an indemnification asset and liability of that amount within other non-current assets and other long-term liabilities. See Note 10, Commitments and Contingencies for further information.

Revenue and Cost of Services

The Company recognizes revenue from services rendered when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists; services have been rendered; the selling price is fixed or determinable; and collectability is reasonably assured. The Company's contracts containing multiple deliverables are accounted for in accordance with ASC 605-25, Revenue Recognition: Multiple Element Arrangements.

Commercial Services

Revenue under Commercial Services contracts is generally based on the number of sales representatives utilized or the number of physician details made and, when applicable, the commercial operations services provided. If contracts include full commercial operations services, the Company has determined that there are two units of accounting in these arrangements: the sales team providing product detailing services; and the commercial operations providing full supply chain management, operations, marketing, compliance, and regulatory/medical management services. Revenue is generally recognized on a straight-line basis over the contract period or as the physician details are performed. A portion of revenues earned under certain contracts may be risk-based. The risk-based metrics may be based on activity metrics such as call activity, turnover, or other agreed upon measures, or on contractually defined percentages of prescriptions written. Revenue from risk-based metrics is recognized in the period which the metrics have been attained and when we are reasonably assured that payment will be made. Many of the Company's product detailing contracts also allow for additional periodic incentive fees to be earned if certain activities have occurred or client specific sales performance benchmarks have been attained. Revenue from incentive fees is recognized in the period earned when the performance benchmarks have been attained and when the Company is reasonably assured that payment will be made. Many contracts also stipulate penalties if agreed upon performance benchmarks have not been met. Revenue is recognized net of any potential penalties until the performance criteria relating to the penalties have been achieved. Commission based revenue is recognized when performance is completed.

The Company's Commercial Services contracts are generally for terms of one to three years and may be renewed or extended. The majority of these contracts, however, are terminable by the customer without cause upon 30 days' to 180 days' prior written notice. Certain contracts include provisions mandating that such notice may not be provided prior to a pre-determined future date and also provide for termination payments if the customer terminates the agreement without cause. Typically, however, the total compensation provided by minimum service periods (otherwise referred to as minimum purchase obligations) and termination payments within any individual agreement will not fully offset the revenue the Company would have earned from fully executing the contract or the costs the Company may incur as a result of its early termination.

The Company maintains continuing relationships with its Commercial Services customers which may lead to multiple ongoing contracts with one customer. In situations where the Company enters into multiple contracts with one customer at or near the same time, the Company evaluates the various factors involved in negotiating the arrangements in order to determine if the contracts were negotiated in contemplation of one and other and should be accounted for as a single agreement.

The loss or termination of large pharmaceutical detailing contracts could have a material adverse effect on the Company's financial condition, results of operations and cash flow. Historically, the Company has derived a significant portion of its service revenue from a limited number of customers. Concentration of business in the pharmaceutical industry is common and the industry continues to consolidate. As a result, the Company is likely to continue to experience further customer concentration in future periods. See Note 13, Significant Customers, for additional information related to customers' who represented 10% or more of the Company's revenue.

Cost of services consists primarily of the costs associated with executing product detailing programs, performance based contracts or other sales and marketing services identified in the contract and includes personnel costs and other direct costs, as well as the initial direct costs associated with staffing a product detailing program. Personnel costs, which constitute the largest portion of cost of services, include all labor related costs, such as salaries, bonuses, fringe benefits and payroll taxes for the sales representatives, sales managers and professional staff that are directly responsible for executing a particular program. Other direct costs include, but are not limited to, facility rental fees, travel expenses, sample expenses and other promotional expenses.

Initial direct program costs are the costs associated with initiating a product detailing program, such as recruiting and hiring and certain other direct incremental costs, excluding pass through costs that are billed to customers. Other direct costs include, but are not limited to, facility rental fees, travel expenses, sample expenses and other promotional expenses. Initial direct program costs are deferred and amortized to expense in proportion to the revenue recognized as driven by the terms of the underlying contract. As of December 31, 2014 and 2013, the Company deferred $0.4 million and $2.3 million of initial direct program costs, respectively. During each of the years ended December 31, 2014 and 2013, the Company amortized $0.9 million of initial direct program costs into expense. All personnel costs and other direct costs, excluding initial direct program costs, are expensed as incurred.

Reimbursable out-of-pocket expenses include those relating to travel, meals and entertainment, product sample distribution costs and other similar costs for which the Company is reimbursed at cost by its customers. Reimbursements

received for out-of-pocket expenses incurred are characterized as revenue and an identical amount is included as cost of services in the consolidated statements of comprehensive loss. For the years ended December 31, 2014 and 2013, reimbursable out-of-pocket expenses were $27.4 million and $30.8 million, respectively.

Training costs include the costs of training the sales representatives and managers on a particular product detailing program so that they are qualified to properly perform the services specified in the related contract. For the majority of the Company's contracts, training costs are reimbursable out-of-pocket expenses.

Interpace Diagnostics

Interpace Diagnostics revenue is generated using the Company's proprietary tests. The Company's performance obligation is fulfilled upon completion, review and release of test results and subsequently billing the third-party payor or hospital. Interpace Diagnostics recognizes revenue related to billings for Medicare, Medicare Advantage, and hospitals on an accrual basis, net of contractual adjustment, when there is a predictable pattern of collectability. Contractual adjustments represent the difference between the list prices and the reimbursement rate set by Medicare and Medicare Advantage, or the amounts billed to hospitals, which approximates the Medicare rate. Upon ultimate collection, the amount received from Medicare, Medicare Advantage and hospitals with a predictable pattern of payment is compared to the previous estimates and the contractual allowance is adjusted, if necessary. Amounts not collected are charged to bad debt expense.

Until a contract has been negotiated with a commercial insurance carrier or governmental program, the services may or may not be covered by these entities existing reimbursement policies. In addition, the Company does not enter into direct agreements with patients that commit them to pay any portion of the cost of the tests in the event that insurance declines to reimburse the Company. In the absence of an agreement with the patient or other clearly enforceable legal right to demand payment, the related revenue is only recognized upon the earlier of payment notification or cash receipt. Accordingly, the Company recognizes revenue from commercial insurance carriers and governmental programs without a contract, when payment is received.

Persuasive evidence of an arrangement exists and delivery is deemed to have occurred upon completion, review, and release of the test results by the Company and then subsequently billing the third-party payor or hospital. The assessment of the fixed or determinable nature of the fees charged for diagnostic testing performed, and the collectability of those fees, requires significant judgment by management. Management believes that these two criteria have been met when there is contracted reimbursement coverage or a predictable pattern of collectability with individual third-party payors or hospitals and accordingly, recognizes revenue upon delivery of the test results. In the absence of contracted reimbursement coverage or a predictable pattern of collectability, the Company believes that the fee is fixed or determinable and collectability is reasonably assured only upon request of third-party payor notification of payment or when cash is received, and recognizes revenue at that time.

Cost of services consists primarily of the costs associated with operating the Company's laboratories and other costs directly related to the Company's tests. Personnel costs, which constitute the largest portion of cost of services, include all labor related costs, such as salaries, bonuses, fringe benefits and payroll taxes for laboratory personnel. Other direct costs include, but are not limited to, laboratory supplies, certain consulting expenses, and facility expenses.

Stock-Based Compensation

The compensation cost associated with the granting of stock-based awards is based on the grant date fair value of the stock award. The Company recognizes the compensation cost, net of estimated forfeitures, over the shorter of the vesting period or the period from the grant date to the date when retirement eligibility is achieved. Forfeitures are initially estimated based on historical information and subsequently updated over the life of the awards to ultimately reflect actual forfeitures. As a result, changes in forfeiture activity can influence the amount of stock compensation cost recognized from period to period.

The Company primarily uses the Black-Scholes option pricing model to determine the fair value of stock options and stock-based stock appreciation rights (SARs). The determination of the fair value of stock-based payment awards is made on the date of grant and is affected by the Company's stock price as well as assumptions made regarding a number of complex and subjective variables. These assumptions include: expected stock price volatility over the term of the awards; actual and projected employee stock option exercise behaviors; the risk-free interest rate; and expected dividend yield. The fair value of restricted stock units (RSUs) and restricted shares is equal to the closing stock price on the date of grant.

In the first quarter of 2014, the Company issued market contingent SARs. The fair value estimate of market contingent SARs was calculated using a Monte Carlo Simulation model. The market contingent SARs are subject to a time-based vesting schedule, but will not vest unless and until certain additional, market-based conditions are satisfied.

See Note 12, Stock-Based Compensation for further information.

Treasury Stock

Treasury stock purchases are accounted for under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. Upon reissuance of shares, the Company records any difference between the weighted-average cost of such shares and any proceeds received as an adjustment to additional paid-in capital.

Rent Expense

Minimum rental expenses are recognized over the term of the lease. The Company recognizes minimum rent starting when possession of the property is taken from the landlord, which may include a construction period prior to occupancy. When a lease contains a predetermined fixed escalation of the minimum rent, the Company recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts payable under the lease as a deferred rent liability. The Company may also receive tenant allowances including cash or rent abatements, which are reflected in other accrued expenses and long-term liabilities on the consolidated balance sheet. These allowances are amortized as a reduction of rent expense over the term of the lease. Certain leases provide for contingent rents that are not measurable at inception. These contingent rents are primarily based upon use of utilities and the landlord's operating expenses. These amounts are excluded from minimum rent and are included in the determination of total rent expense when it is probable that the expense has been incurred and the amount is reasonably estimable.

Income taxes

Income taxes are based on income for financial reporting purposes calculated using the Company's expected annual effective rate and reflect a current tax liability or asset for the estimated taxes payable or recoverable on the current year tax return and expected annual changes in deferred taxes. Any interest or penalties on income tax are recognized as a component of income tax expense.

The Company accounts for income taxes using the asset and liability method. This method requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of the Company's assets and liabilities based on enacted tax laws and rates. Deferred tax expense (benefit) is the result of changes in the deferred tax asset and liability. A valuation allowance is established, when necessary, to reduce the deferred income tax assets when it is more likely than not that all or a portion of a deferred tax asset will not be realized.

The Company operates in multiple tax jurisdictions and pays or provides for the payment of taxes in each jurisdiction where it conducts business and is subject to taxation. The breadth of the Company's operations and the complexity of the tax law require assessments of uncertainties and judgments in estimating the ultimate taxes the Company will pay. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions, outcomes of tax litigation and resolution of proposed assessments arising from federal and state audits. Uncertain tax positions are recognized in the financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that a position taken or expected to be taken in a tax return would be sustained upon examination by tax authorities that have full knowledge of all relevant information. A recognized tax position is then measured as the largest amount of benefit that is greater than fifty percent likely to be realized upon ultimate settlement. The Company adjusts accruals for unrecognized tax benefits as facts and circumstances change, such as the progress of a tax audit. The Company believes that any potential audit adjustments will not have a material adverse effect on its financial condition or liquidity. However, any adjustments made may be material to the Company's consolidated results of operations or cash flows for a reporting period. Penalties and interest, if incurred, would be recorded as a component of current income tax expense.

Significant judgment is also required in evaluating the need for and magnitude of appropriate valuation allowances against deferred tax assets. Deferred tax assets are regularly reviewed for recoverability. The Company currently has significant deferred tax assets resulting from net operating loss carryforwards and deductible temporary differences, which should reduce taxable income in future periods. The realization of these assets is dependent on generating future taxable income.

Loss per Share

Basic earnings per common share are computed by dividing net income by the weighted average number of shares outstanding during the year including any unvested share-based payment awards that contain nonforfeitable rights to dividends. Diluted earnings per common share are computed by dividing net income by the sum of the weighted average number of shares outstanding and dilutive common shares under the treasury method. Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid), are participating securities and are included in the computation of earnings per share pursuant to the two-class method. As a result of the losses incurred in both 2014 and 2013, the potentially dilutive common shares have been excluded from the earnings per share computation for these periods because its inclusion would have been anti-dilutive.

Comprehensive Income (Loss)

Comprehensive income (loss) includes net loss and the net unrealized gains and losses on investment securities, net of tax. Other comprehensive income (loss) is net of reclassification adjustments for items currently included in net loss, such as realized gains and losses on investment securities.

Subsequent Events

On February 27, 2015, we completed the sale of certain assets and liabilities of our subsidiary, Group DCA, LLC (Group DCA), to Haymarket Media, Inc. (Haymarket) in exchange for future services and potential future royalty payments. See Item 9B, Other Information, and Note 19, Discontinued Operation, for further information.

Reclassifications

The Company reclassified certain prior period activities and balances to conform to the current year presentation. See Note 19, Discontinued Operation, for further information.

2. Recent Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 (ASU 2014-09), “Revenue from Contracts with Customers,” which provides guidance for revenue recognition. ASU 2014-09's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP.

The standard is effective for annual periods beginning after December 15, 2016, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients; or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Early application is not permitted. The Company is currently evaluating the impact of adopting ASU 2014-09 on its consolidated financial statements and has not yet determined the method by which it will adopt the standard.

In April 2014, the FASB issued ASU 2014-08 “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.” ASU 2014-08 provides new guidance related to the definition of a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. The new guidance is effective on a prospective basis for fiscal years beginning after December 15, 2014, and interim periods within annual periods beginning on or after December 15, 2015. The Company is currently assessing the future impact of ASU 2014-08 on its consolidated financial statements.

3. Acquisitions

Assets of Asuragen, Inc.

On August 13, 2014, the Company, through its wholly-owned subsidiary Interpace Diagnostics, LLC (Interpace or IDx), consummated an agreement to acquire certain fully developed thyroid and pancreas cancer diagnostic tests, other tests in development for thyroid cancer, associated intellectual property and a biobank with more than 5,000 patient tissue samples (collectively the Acquired Property) from Asuragen, Inc. (Asuragen) pursuant to an asset purchase agreement (the Agreement). The Company paid $8.0 million at closing and paid an additional $0.5 million to Asuragen for certain integral transition service obligations set forth in a transition services agreement, entered into concurrently with the Agreement. The Company also entered into two license agreements with Asuragen relating to the Company’s ability to sell the fully developed thyroid and pancreas cancer diagnostic tests and other tests in development for thyroid cancer. In addition, the Company will be obligated to make a milestone payment of $0.5 million to Asuragen upon the earlier of the launch of a pancreas product or February 13, 2016, and to pay royalties of 5.0% on the future net sales of the pancreas diagnostics product line for a period

(tabular information in thousands, except share and per share data)

of ten years following a qualifying sale, 3.5% on the future net sales of the thyroid diagnostics product line through August 13, 2024 and 1.5% on the future net sales of certain other thyroid diagnostics products for a period of ten years following a qualifying sale, collectively the contingent consideration.

The acquisition has been accounted for as a business combination, subject to the provisions of ASC 805-10-50, Business Combinations, and been treated as an asset acquisition for tax purposes. In connection with the transaction, the Company has preliminarily recorded $13.0 million of finite lived intangible assets having a weighted-average amortization period of 7.9 years. See Note 5, Goodwill and Other Intangible Assets, for additional information.

The Company determined a preliminary acquisition date fair value of the contingent consideration (inclusive of the aforementioned milestone payment and royalties on future net sales) of $4.5 million. The royalty portion of the contingent consideration is based on a probability-weighted income approach derived from estimated future revenues. The fair value measurement is based on significant subjective assumptions and inputs not observable in the market and thus represents a Level 3 fair value measurement. Future revisions to these assumptions could materially change the estimate of the fair value of the contingent consideration and therefore materially affect the Company's future financial results. See Note 7, Fair Value Measurements, for further information. There was no change in the fair value of the contingent consideration during the period ended December 31, 2014. Going forward, the Company will estimate the change in the fair value of the contingent consideration as of each reporting period and recognize the change in fair value in the statement of comprehensive income (loss). The reconciliation of consideration given for the Acquired Property to the preliminary allocation of the purchase price for the assets and liabilities acquired based on their relative fair values is as follows:

Cash	$	8,000
Transition services obligation		500
Contingent consideration		4,476
Total consideration	$	12,976
Thyroid	$	8,519
Pancreas		2,882
Biobank		1,575
Acquired intangible assets	$	12,976

The preliminary allocation of the purchase price was based upon a valuation for which the estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). The final allocation price could differ materially from the preliminary allocation. Any subsequent changes to the purchase price allocation that result in material changes to the Company's consolidated financial results will be adjusted accordingly.

The unaudited pro forma consolidated statements of operations reflecting the Company's acquisition of the Acquired Property are not provided as that presentation would require forward-looking information in order to meaningfully present the effects of the acquisition.

RedPath Integrated Pathology, Inc.

On October 31, 2014, the Company and its wholly-owned subsidiary, Interpace, entered into an Agreement and Plan of Merger (the Agreement) to acquire RedPath Integrated Pathology, Inc. (RedPath), a molecular diagnostics company helping physicians better manage patients at risk for certain types of gastrointestinal cancers through its proprietary PathFinderTG® platform (the Transaction), and related documents (collectively, the Transaction Documents). This Transaction establishes Interpace in the upper gastroenterology cancer diagnostic market and provides the Company a growth platform in the diagnostic oncology space, particularly in endocrine and gastrointestinal cancer.

In addition to the Agreement, the Transaction Documents, dated October 31, 2014, include the following:

- a Non-negotiable Subordinated Secured Promissory Note (the Note), dated October 31, 2014, by the Company in favor of RedPath Equityholder Representative, LLC (the Equityholder Representative);

- a Contingent Consideration Agreement with the Equityholder Representative (the Contingent Consideration Agreement);
- a Credit Agreement among the Company and the financial institutions party thereto from time to time as lenders (the Lenders) and agent for the Lenders (the Agent);

- a Guarantee and Collateral Agreement by PDI, Inc. and certain of its subsidiaries, in favor of the Agent (the Senior Guarantee);

- a Guarantee and Collateral Agreement (the Subordinated Guarantee) by the Company and certain of its subsidiaries in favor of the Equityholder Representative; and

- a Subordination and Intercreditor Agreement (the Intercreditor Agreement) by and among the Company, the Equityholder Representative and the Agent.

Under the terms of the Agreement, the Company paid net cash of $13.4 million to the Equityholder Representative, on behalf of the equityholders of RedPath (the Equityholders), at the closing of the Transaction, inclusive of a working capital adjustment of $1.6 million. The Agreement contains customary representations, warranties and covenants of the Company and RedPath. Subject to certain limitations, the parties will be required to indemnify each other for damages resulting from breaches of the representations, warranties and covenants made in the Agreement and certain other matters.

The Company also issued an interest-free Note to the Equityholder Representative, on behalf of the Equityholders, at the closing of the Transaction for $11.0 million to be paid in eight equal consecutive quarterly installments beginning October 1, 2016. The interest rate will be 5.0% in the event of a default under the Note. The obligations of the Company under the Note are guaranteed by the Company and its Subsidiaries pursuant to the Subordinated Guarantee in favor of the Equityholder Representative. Pursuant to the Subordinated Guarantee, the Company and its Subsidiaries also granted a security interest in substantially all of their assets, including intellectual property, to secure their obligations to the Equityholder Representative. The Company has recorded the present value of the Note to the Equityholder Representative at approximately $7.3 million using a discount rate of 13.5%.

In connection with the Transaction, the Company also entered into the Contingent Consideration Agreement with the Equityholder Representative. Pursuant to the Contingent Consideration Agreement, the Company has agreed to issue to the Equityholders 500,000 shares of the Company's common stock, par value $0.01 (Common Stock), upon acceptance for publication of a specified article related to PathFinderTG® for the management of Barrett's esophagus, and an additional 500,000 shares of Common Stock upon the commercial launch of PathFinderTG® for the management of Barrett's esophagus (collectively, the Common Stock Milestones). The pending issuance of Common Stock have been recorded as Common Stock and Additional paid-in capital in the Company's consolidated balance sheet as of December 31, 2014. In the event of a change of control of the Company, Interpace or RedPath on or before April 30, 2016, the Common Stock Milestones not then already achieved will be accelerated and the Equityholders will be immediately entitled to receive the Common Stock not yet previously issued to them. The Equityholders are entitled to an additional $5 million cash payment upon the achievement by the Company of $14.0 million or more in annual net sales of PathFinderTG® for the management of Barrett's esophagus and a further $5 million cash payment upon the achievement by the Company of $37.0 million or more in annual net sales of a basket of assays of Interpace and RedPath. In addition, the Company is obligated to pay revenue based payments through 2025 of 6.5% on annual net sales above $12.0 million of PathFinderTG®-Pancreas, 10% on annual net sales up to $30 million of PathFinderTG® for the management of Barrett's esophagus and 20% on annual net sales above $30 million of PathFinderTG® for the management of Barrett's esophagus. These amounts were recorded at fair value at the date of acquisition and total $22.1 million for the cash portion and $1.8 million for the stock component.

In connection with the Transaction, the Company entered into the Credit Agreement with the Agent and the Lenders. Pursuant to and subject to the terms of the Credit Agreement, the Lenders agreed to provide a term loan to the Company in the aggregate principal amount of $20.0 million (the Loan). The Company received net proceeds of approximately $19.6 million following payment of certain fees and expenses in connection with the Credit Agreement and the maturity date of the loan is October 31, 2020. The Loan bears interest at the greater of (a) three month LIBOR and (b) 1.0%, plus a margin of 12.5%, payable in cash quarterly in arrears, beginning on February 17, 2015. The interest rate will be increased by 3.0% in the event of a default under the Credit Agreement. Beginning in January 2017, the Company will be required to make principal payments on the Loan. Beginning in January 2017 and ending on October 31, 2020, subject to a $250,000 per quarter cap, the Lenders will be entitled to receive quarterly revenue based payments from the Company equal to 1.25x of revenue derived from net sales of molecular diagnostics products (the Synthetic Royalty) and a catch up provision in the fourth quarter of the calendar years ending December 31, 2017, 2018 and 2019.

(tabular information in thousands, except share and per share data)

The Company agreed to pay certain out-of-pocket costs and expenses incurred by the Lenders and the Agent in connection with the Credit Agreement and related documents, the administration of the Loan and related documents or the enforcement or protection of the Lenders' rights. The Lenders are also entitled to (a) a $0.3 million origination fee and (b) a $0.8 million exit fee. In addition, if the Loan is prepaid, the Lenders are entitled to (c) a prepayment fee equal to 6.0% of the Loan if the Loan is prepaid on or after October 31, 2015 but prior to October 31, 2016, 5.0% of the Loan if the Loan is prepaid on or after October 31, 2016 but prior to October 31, 2017 and 2.0% if the Loan is prepaid on or after October 31, 2017 but prior to October 31, 2018, and (d) a prepayment premium applicable to the Synthetic Royalty equal to (i)(1) 1.25% multiplied by (2) the lesser of (A) $80.0 million and (B) the aggregate revenue on net sales of molecular diagnostics products for the four most recently-completed fiscal quarters, multiplied by (ii) the number of days remaining until October 31, 2020, divided by (iii) 360. The Company must also make a mandatory prepayment in connection with the disposition of certain of the Company's assets. See Note 21, Long-term debt, for further information.

The acquisition has been accounted for as a business combination, subject to the provisions of ASC 805-10-50 and has been treated as a stock acquisition for tax purposes. In connection with the transaction, the Company has preliminarily recorded $15.5 million of goodwill and $34.5 million of finite lived intangible assets having a weighted-average amortization period of 8.1 years. See Note 7, Goodwill and Other Intangible Assets, for additional information.

The Company determined a preliminary acquisition date fair value of the contingent consideration (inclusive of the aforementioned milestone payments, royalties on future net sales and Common Stock Milestones) of $23.9 million. The royalty portion of the contingent consideration is based on a probability-weighted income approach derived from estimated future revenues. The fair value measurement is based on significant subjective assumptions and inputs not observable in the market and thus represents a Level 3 fair value measurement. Future revisions to these assumptions could materially change the estimate of the fair value of the contingent consideration and therefore materially affect the Company's future financial results. See Note 4, Fair Value Measurements, for further information. There was no change in the fair value of the contingent consideration during the period ended December 31, 2014. Going forward, the Company will estimate the change in the fair value of the contingent consideration as of each reporting period and recognize the change in fair value in the consolidated statement of comprehensive income (loss). In addition, the Company recorded an indemnification asset and liability of $2.5 million related to a joint settlement reached between RedPath and the DOJ, with no charges ever being filed against RedPath. The indemnification asset and liability are recorded within *Other long-term assets* and *Other long-term liabilities*, respectively. The reconciliation of consideration given for RedPath to the preliminary allocation of the purchase price for the assets and liabilities acquired based on their relative fair values is as follows:

Cash		$ 13,572
Subordinated note payable		7,396
Cash	$ 22,066	
Common stock	1,820	
Contingent consideration		23,886
Total consideration		$ 44,854
Goodwill		$ 15,545
Pancreas Test	$ 16,141	
Barrett's Test	18,351	
Acquired intangible assets		34,492
Current assets		5,465
Indemnification asset, long-term - DOJ settlement		2,500
Other long-term assets		366
Current liabilities		(4,809)
DOJ settlement, long-term (indemnified by RedPath)		(2,500)
Deferred income tax liability		(6,205)
Total acquired assets		$ 44,854

(tabular information in thousands, except share and per share data)

The estimated fair values of assets acquired and liabilities assumed in each of acquisitions above are considered preliminary and are based on the most recent information available. The provisional measurements of fair value set forth above are subject to change. We expect to finalize the valuation as soon as practicable, but not later than one-year from the acquisition dates.

The following unaudited pro forma consolidated results of operations for the years ended December 31, 2014 and 2013 assume that the Company had acquired 100% of the membership interests in RedPath as of the beginning of the period presented. The pro forma results include estimates and assumptions which management believes are reasonable. However, pro forma results are not necessarily indicative of the results that would have occurred if the acquisition had been consummated as of the dates indicated, nor are they necessarily indicative of future operating results.

	(unaudited) For the Years Ended December 31,	
	2014	2013
Revenue	$ 128,247	$ 162,007
Net loss	$ (24,299)	$ (9,850)
Loss per share	$ (1.63)	$ (0.67)

4. Fair Value Measurements

The Company's financial assets and liabilities reflected at fair value in the consolidated financial statements include: cash and cash equivalents; short-term investments; accounts receivable; other current assets; accounts payable; and contingent consideration. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based upon observable inputs used in the valuation techniques, the Company is required to provide information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values into three broad levels as follows:

(tabular information in thousands, except share and per share data)

Level 1: Valuations for assets and liabilities traded in active markets from readily available pricing sources for market transactions involving identical assets or liabilities.
Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
Level 3: Valuations for assets and liabilities include certain unobservable inputs in the assumptions and projections used in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. The valuation methodologies used for the Company's financial instruments measured on a recurring basis at fair value, including the general classification of such instruments pursuant to the valuation hierarchy, is set forth in the tables below.

	As of December 31, 2014		Fair Value Measurements As of December 31, 2014		
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents:					
Cash	$ 6,836	$ 6,836	$ 6,836	$ —	$ —
Money market funds	16,275	16,275	16,275	—	—
	$ 23,111	$ 23,111	$ 23,111	$ —	$ —
Marketable securities:					
Money market funds	$ 48	$ 48	$ 48	$ —	$ —
Mutual funds	59	59	59	—	—
U.S. Treasury securities	1,070	1,070	1,070	—	—
Government agency securities	317	317	317	—	—
	$ 1,494	$ 1,494	$ 1,494	$ —	$ —
Liabilities:					
Contingent consideration:					
Asuragen	$ 4,476	$ 4,476	$ —	$ —	$ 4,476
RedPath	22,066	22,066	—	—	22,066
	$ 26,542	$ 26,542	$ —	$ —	$ 26,542

(tabular information in thousands, except share and per share data)

	As of December 31, 2013		Fair Value Measurements As of December 31, 2013		
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents:					
Cash	$ 10,315	$ 10,315	$ 10,315	$ —	$ —
Money market funds	35,324	35,324	35,324	—	—
	$ 45,639	$ 45,639	$ 45,639	$ —	$ —
Marketable securities:					
Money market funds	$ 48	$ 48	$ 48	$ —	$ —
Mutual funds	55	55	55	—	—
U.S. Treasury securities	1,730	1,730	1,730	—	—
Government agency securities	382	382	382	—	—
	$ 2,215	$ 2,215	$ 2,215	$ —	$ —

The fair value of marketable securities is valued using market prices in active markets (level 1). As of December 31, 2014 and 2013, the Company did not have any marketable securities in less active markets (level 2) or without observable market values that would require a high level of judgment to determine fair value (level 3).

In connection with the acquisition of the Acquired Property from Asuragen and acquisition of RedPath, the Company recorded $ 4.5 million and $22.1 million of contingent cash consideration related to deferred payments and revenue based payments, respectively. The Company determined the fair value of the contingent consideration based on a probability-weighted income approach derived from revenue estimates. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement. There was no change in the fair value of the contingent consideration during the period ended December 31, 2014.

The Company considers carrying amounts of accounts receivable, accounts payable and accrued expenses to approximate fair value due to the short-term nature of these financial instruments. There is no fair value ascribed to the letters of credit as management does not expect any material losses to result from these instruments because performance is not expected to be required.

Certain of the Company's non-financial assets, such as other intangible assets are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment charge is recognized. The following table summarizes these assets of the Company measured at fair value on a nonrecurring basis as of December 31, 2014:

	Carrying Amount as of December 31, 2014	Fair Value Measurements as of December 31, 2014		
		Level 1	Level 2	Level 3
Long-lived assets held and used:				
Thyroid	$ 522	$ —	$ —	$ 522
Pancreas	8,519	—	—	8,519
Biobank	2,728	—	—	2,728
Pancreas test	1,428	—	—	1,428
Barrett's test	15,756	—	—	15,756
CLIA lab	18,351	—	—	18,351
	$ 47,304	$ —	$ —	$ 47,304

On December 31, 2014, the Company classified the Group DCA business unit as held-for-sale, other long-term assets in the consolidated balance sheets, and a portion of the goodwill balance was impaired. See Note 19, Discontinued Operations for further information. As of December 31, 2014, the Company has $15.5 million of goodwill attributable to the October 31, 2014

(tabular information in thousands, except share and per share data)

acquisition of RedPath.

5. Investments in Marketable Securities

Available-for-sale securities are carried at fair value with the unrealized holding gains or losses, net of tax, included as a component of accumulated other comprehensive income (loss) in stockholders' equity. Realized gains and losses on available-for-sale securities are computed based upon specific identification and included in other income (expense), net in the consolidated statements of comprehensive loss. Declines in value judged to be other than-temporary on available-for-sale securities are recorded as realized in other income (expense), net in the consolidated statements of comprehensive loss and the cost basis of the security is reduced. The fair values for marketable equity securities are based on quoted market prices. Held-to-maturity investments are stated at amortized cost which approximates fair value. Interest income is accrued as earned. Realized gains and losses on held-to-maturity investments are computed based upon specific identification and included in interest income, net in the consolidated statements of comprehensive loss. The Company does not have any investments classified as trading.

Available-for-sale securities consist of assets in a rabbi trust associated with the Company's deferred compensation plan. At both December 31, 2014 and 2013, the carrying value of available-for-sale securities was approximately $107,000 and $103,000, respectively, which is included in short-term investments. The available-for-sale securities at December 31, 2014 and 2013 were approximately $48,000 in money market accounts for both periods, and approximately $59,000 and $55,000, respectively, in mutual funds. At December 31, 2014, accumulated other comprehensive income included gross unrealized holding gains of approximately $16,000 and no gross unrealized holding losses. At December 31, 2013, accumulated other comprehensive income (loss) included gross unrealized holding gains of approximately $16,000 and no gross unrealized holding losses. During the years ended December 31, 2014 and 2013, other income, net included no gross realized losses or realized gains.

The Company's other marketable securities consist of investment grade debt instruments such as obligations of U.S. Treasury and U.S. Federal Government agencies and are maintained in separate accounts to support the Company's letters-of-credit. These investments are categorized as held-to-maturity because the Company's management has the intent and ability to hold these securities to maturity. The Company had standby letters-of-credit of approximately $1.4 million and $2.0 million at December 31, 2014 and 2013, respectively, as collateral for its existing insurance policies and facility leases.

At December 31, 2014 and 2013, held-to-maturity investments included:

		Maturing			Maturing	
	December 31, 2014	within 1 year	after 1 year through 3 years	December 31, 2013	within 1 year	after 1 year through 3 years
Cash/money market funds	$ 204	$ 204	$ —	$ 116	$ 116	$ —
US Treasury securities	1,070	105	965	1,730	1,360	370
Government agency securities	317	225	92	382	382	—
Total	$ 1,591	$ 534	$ 1,057	$ 2,228	$ 1,858	$ 370

At December 31, 2014 and December 31, 2013, held-to-maturity investments were recorded in the following accounts:

	December 31, 2014	December 31, 2013
Other current assets	$ 534	$ 1,858
Other long-term assets	1,057	370
Total	$ 1,591	$ 2,228

6. Property and Equipment

Property and equipment consisted of the following as of December 31, 2014 and 2013:

(tabular information in thousands, except share and per share data)

	December 31, 2014	December 31, 2013
Furniture and fixtures	$ 3,807	$ 3,625
Office equipment	2,228	1,170
Computer equipment	7,017	6,396
Internal-use software	11,539	11,087
External-use software	—	—
Leasehold improvements	7,008	6,883
	31,599	29,161
Less accumulated depreciation	(28,415)	(27,593)
	$ 3,184	$ 1,568

Depreciation and amortization expense was approximately $1.6 million and $1.4 million for the years ended December 31, 2014 and 2013, respectively. Included in depreciation and amortization expense is amortization expense for internal-use software costs of approximately $0.2 million in each of the years ended December 31, 2014 and 2013. As of December 31, 2014 and 2013, the unamortized balance of capitalized internal-use software was $1.0 million and $0.7 million, respectively.
During each of the years ended December 31, 2014 and 2013, the Company capitalized $0.5 million of internal-use software related to investment in the development of its core systems.

During the year ended December 31, 2014, the Company recorded a non-cash charge of approximately $0.6 million for the write-down of the remaining balance of the external-use software within *Loss from discontinued operations, net of tax* based on the decision to sell Group DCA and exit the eDetailing business. As of December 31, 2014, there was no unamortized balance of capitalized external-use software.

7. Goodwill and Other Intangible Assets

Goodwill recorded as of December 31, 2014 of $15.5 million is attributable to the 2014 acquisition of RedPath. Goodwill recorded as of December 31, 2013 was attributable to the 2010 acquisition of Group DCA and has been reclassified as held-for-sale. See Note19, Discontinued Operations for further information.

Goodwill

In connection the Company's decision to dispose of Group DCA, the Company reclassed the $2.5 million goodwill balance to assets held-for-sale within O*ther non-current assets* in the consolidated balance sheet as of December 31, 2014 and impaired $1.2 million of the goodwill associated with the 2010 acquisition of Group DCA as the fair value of the Group DCA reporting unit was below its carrying value including goodwill, leaving a balance of $1.3 million. A rollforward of the carrying value of goodwill from continuing operations from January 1, 2014 to December 31, 2014 is as follows:

	2014				
	January 1,	Additions	Adjustments	Impairments	December 31,
RedPath	$ —	$ 15,545	$ —	$ —	$ 15,545

Other Intangible Assets

The net carrying value of the identifiable intangible assets as of December 31, 2014 is as follows:

(tabular information in thousands, except share and per share data)

	Life (Years)	As of December 31, 2014 Carrying Amount	Accumulated Amortization	Net
Diagnostic assets:				
Asuragen acquisition:				
Thyroid	9	$ 8,519	$ —	$ 8,519
Pancreas	7	2,882	154	2,728
Biobank	4	1,575	147	1,428
RedPath acquisition:				
Pancreas test	7	16,141	385	15,756
Barrett's test	9	18,351	—	18,351
Total		$ 47,468	$ 686	$ 46,782
Diagnostic lab:				
CLIA Lab	2.3	$ 609	$ 87	$ 522

Amortization expense was $0.8 million for the year ended December 31, 2014. There was no amortization expense for the year ended December 31, 2013. Amortization of the thyroid diagnostic asset will begin upon launch of the product. Estimated amortization expense for the next five years is as follows:

2015	2016	2017	2018	2019
$ 5,102	$ 6,358	$ 6,097	$ 5,949	$ 5,703

8. Retirement Plans

The Company offers an employee 401(k) saving plan. Under the PDI, Inc. 401(k) Plan, employees may contribute up to 50% of their pre- or post-tax base compensation. The Company currently offers a safe harbor matching contribution equal to 100% of the first 3% of the participant's contributed base salary plus 50% of the participant's base salary contributed exceeding 3% but not more than 5%. Participants are not allowed to invest any of their 401(k) funds in the Company's common stock. The Company's total contribution expense from continuing operations related to the 401(k) plan for the years ended December 31, 2014 and December 31, 2013 was approximately $0.9 million and $0.7 million, respectively.

(tabular information in thousands, except share and per share data)

9. Accrued Expenses and Other Long-Term Liabilities

Other accrued expenses consisted of the following as of December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Accrued pass-through costs	$ 1,043	$ 2,089
Facilities realignment accrual	517	565
Self insurance accruals	463	1,020
Indemnification liability	875	875
Contingent consideration	633	—
Acquisition related costs	1,225	—
Liabilities held-for-sale	2,820	4,495
Rent payable	348	348
DOJ settlement	500	—
Accrued interest	465	—
All others	5,933	3,085
	$ 14,822	$ 12,477

Other long-term liabilities consisted of the following as of December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Rent payable	$ 209	$ 557
Uncertain tax positions	3,267	3,109
Deferred tax liability	2,525	—
Facilities realignment accrual	43	560
DOJ settlement (indemnified by RedPath)	2,500	—
Liabilities held-for-sale	329	817
Other	270	142
	$ 9,143	$ 5,185

10. Commitments and Contingencies

The Company leases facilities, automobiles and certain equipment under agreements classified as operating leases, which expire at various dates through 2017. Substantially all of the property leases provide for increases based upon use of utilities and landlord's operating expenses as well as pre-defined rent escalations. Total expense under these agreements for the years ended December 31, 2014 and 2013 was approximately $5.8 million and $4.9 million, respectively, of which $5.2 million and $4.1 million, respectively, related to automobiles leased for use by employees for a lease term of one year from the date of delivery with the option to renew and was included in *cost of services* in consolidated statements of comprehensive loss.

As of December 31, 2014, contractual obligations with terms exceeding one year and estimated minimum future rental payments required by non-cancelable operating leases with initial or remaining lease terms exceeding one year are as follows:

	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	After 5 Years
Contingent consideration (1)	$ 26,542	$ 633	$ 2,435	$ 14,683	$ 8,791
Contractual obligations (2)	330	284	46	—	—
Operating lease obligations:					
Minimum lease payments	6,107	4,114	1,993	—	—
Less minimum sublease rentals (3)	(3,222)	(2,469)	(753)	—	—
Net minimum lease payments	2,885	1,645	1,240	—	—
Total	$ 29,757	$ 2,562	$ 3,721	$ 14,683	$ 8,791

(1) Amounts represent contingent royalty and milestone payments in connection with our 2014 acquisitions based on annual net sales and the launch of the diagnostic tests acquired.

(2) Amounts represent contractual obligations related to software license contracts, office equipment and contracts for software systems.

(3) As of December 31, 2014, the Company has entered into various sublease agreements for all of the office space at the Saddle River, New Jersey facility, the Dresher, Pennsylvania facility, and the Schaumburg, Illinois facility. These subleases will provide aggregated lease income of approximately $1.9 million, $1.3 million and $18,000, respectively, over the remaining lease periods.

Letters of Credit

As of December 31, 2014, the Company had $1.4 million in letters of credit outstanding as required by its existing insurance policies and its facility leases. As discussed in Note 5, Investments in Marketable Securities these letters of credit are collateralized by certain investments.

Litigation

Due to the nature of the businesses in which the Company is engaged, such as product detailing and in the past, the distribution of products, it is subject to certain risks. Such risks include, among others, risk of liability for personal injury or death to persons using products the Company promotes or distributes. There can be no assurance that substantial claims or liabilities will not arise in the future due to the nature of the Company's business activities and recent increases in litigation related to healthcare products, including pharmaceuticals. The Company seeks to reduce its potential liability under its service agreements through measures such as contractual indemnification provisions with customers (the scope of which may vary from customer to customer, and the performance of which is not secured) and insurance. The Company could, however, also be held liable for errors and omissions of its employees in connection with the services it performs that are outside the scope of any indemnity or insurance policy. The Company could be materially adversely affected if it were required to pay damages or incur defense costs in connection with a claim that is outside the scope of an indemnification agreement; if the indemnity, although applicable, is not performed in accordance with its terms; or if the Company's liability exceeds the amount of applicable insurance or indemnity.

The Company routinely assesses its litigation and threatened litigation as to the probability of ultimately incurring a liability, and records its best estimate of the ultimate loss in situations where the Company assesses the likelihood of loss as probable. The Company accrues for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. In addition, in the event the Company determines that a loss is not probable, but is reasonably possible, and it becomes possible to develop what the Company believes to be a reasonable range of possible loss, then the Company will include disclosures related to such matter as appropriate and in compliance with ASC 450. To the extent there is a reasonable possibility that the losses could exceed the amounts already accrued, the Company will, as applicable, adjust the accrual in the period the determination is made, disclose an estimate of the additional loss or range of loss, indicate that the estimate is immaterial with respect to its financial statements as a whole or, if the amount of such adjustment cannot be reasonably estimated, disclose that an estimate cannot be made. As of December 31, 2014 and 2013, the Company's accrual for litigation and threatened litigation was not material to the consolidated financial statements.

In connection with the October 31, 2014 acquisition of RedPath the Company assumed a liability for a January 2013 settlement agreement entered into by the former owners of RedPath with the DOJ. Under the terms of the Settlement Agreement, the Company is obligated to make payments to the DOJ for the calendar years ended December 31, 2014 through 2017 up to a maximum of $3.0 million.

Payments are due March 31st following the calendar year that the revenue milestones are achieved. The Company has been indemnified by the former owners of RedPath for $2.5 million of the obligation and has recorded an indemnification asset of that amount within other non-current assets. At December 31, 2014, the Company recorded $3.0 million as its best estimate of the amount that will be required to be paid under the settlement agreement based on its estimate of future revenues, of which $0.5 million is included in *other accrued expenses* and $2.5 million is included in *other long-term liabilities.*

(tabular information in thousands, except share and per share data)

11. Preferred Stock

The board of directors of PDI (Board) is authorized to issue, from time-to-time, up to 5,000,000 shares of preferred stock in one or more series. The Board is authorized to fix the rights and designation of each series, including dividend rights and rates, conversion rights, voting rights, redemption terms and prices, liquidation preferences and the number of shares of each series. As of December 31, 2014 and 2013, there were no issued and outstanding shares of preferred stock.

12. Stock-Based Compensation

The Company's stock-incentive program is a long-term retention program that is intended to attract, retain and provide incentives for talented employees, officers and directors, and to align stockholder and employee interests. The Company considers its stock-incentive program critical to its operations and productivity. Currently, the Company is able to grant options, SARs and restricted shares from the PDI, Inc. Amended and Restated 2004 Stock Award and Incentive Plan (the Amended 2004 Plan), which is described below.

The Company primarily uses the Black-Scholes option pricing model to determine the fair value of stock options and SARs. The determination of the fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of complex and subjective variables. These variables include the Company's expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rate and expected dividends. Expected volatility is based on historical volatility. As there is no trading volume for the Company's options, implied volatility is not representative of the Company's current volatility so the historical volatility of the Company's common stock is determined to be more indicative of the Company's expected future stock performance. The expected life is determined using the safe-harbor method. The Company expects to use this simplified method for valuing employee options and SARs grants until more detailed information about exercise behavior becomes available over time. The Company bases the risk-free interest rate on U.S. Treasury zero-coupon issues with remaining terms similar to the expected term on the options or SARs. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore uses an expected dividend yield of zero in the option valuation model. The Company is required to estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option forfeitures and records stock-based compensation expense only for those awards that are expected to vest. The Company recognizes compensation cost, net of estimated forfeitures, arising from the issuance of stock options and SARs on a straight-line basis over the vesting period of the grant.

The estimated compensation cost associated with the granting of restricted stock and restricted stock units is based on the fair value of the Company's common stock on the date of grant. The Company recognizes the compensation cost, net of estimated forfeitures, arising from the issuance of restricted stock and restricted stock units on a straight-line basis over the shorter of the vesting period or the period from the grant date to the date when retirement eligibility is achieved.

The following table provides the weighted average assumptions used in determining the fair value of the non-performance based SARs granted during the years ended December 31, 2014 and 2013.

	December 31, 2014	December 31, 2013
Risk-free interest rate	0.75%	0.33%
Expected life	3.5	3.5
Expected volatility	48.15%	49.80%

Stock Incentive Plan

In 2011, the Board and stockholders approved the Amended 2004 Plan. The Amended 2004 Plan replaced the 1998 Stock Option Plan (the 1998 Plan) and the 2000 Omnibus Incentive Compensation Plan (the 2000 Plan). The Amended 2004 Plan authorized an additional 1,100,000 shares for new awards and combined the remaining shares available under the original 2004 Plan. Eligible participants under the Amended 2004 Plan include officers and other employees of the Company, members of the Board and outside consultants, as specified under the Amended 2004 Plan and designated by the Compensation and Management Development Committee of the Board (Compensation Committee). Unless earlier terminated by action of the Board, the Amended 2004 Plan will remain in effect until such time as no stock remains available for delivery under the Amended 2004 Plan and the Company has no further rights or obligations under the Amended 2004 Plan with respect to outstanding awards thereunder.

(tabular information in thousands, except share and per share data)

Historically, stock options were generally granted with an exercise price equal to the market value of the common stock on the date of grant, expired 10 years from the date they are granted, and generally vested over a two-year period for members of the Board of Directors and a three-year period for employees. Upon exercise, new shares are issued by the Company. The Company has not granted stock options since 2005. SARs are generally granted with a grant price equal to the market value of the common stock on the date of grant, vest one-third each year on the anniversary of the date of grant and expire five years from the date of grant. The restricted shares and restricted stock units granted to employees generally have a three year cliff vesting period and are subject to accelerated vesting and forfeiture under certain circumstances. Restricted shares and restricted stock units granted to board members generally have a three year graded vesting period and are subject to accelerated vesting and forfeiture under certain circumstances.

In February 2014, the Company's chief executive officer was granted 188,165 market contingent SARs. The market contingent SARs have an exercise price of $5.10, a five year term to expiration, and a weighted-average fair value of $1.87. The fair value estimate of the market contingent SARs was calculated using a Monte Carlo Simulation model. The Monte Carlo Simulation model takes into account the Company's long-term rate of return on its common stock historically, reinvested dividends, capital gains and the volatility of the Company's common stock. The market contingent SARs are subject to a time-based vesting schedule, but will not vest unless and until certain additional, market-based conditions are satisfied: (1) with respect to the initial 36,496 market contingent SARs, which vest on a time-based schedule on the first anniversary of the date of grant, the closing price of the Company's common stock is at least $7.65 per share for the average of 60 consecutive trading days anytime within five years from the grant date; (2) with respect to the next 64,460 market contingent SARs, which vest on a time-based schedule on the second anniversary of the date of grant, the closing price of the Company's common stock is at least $10.20 per share for the average of 60 consecutive trading days anytime within five years from the grant date; and (3) with respect to the final 87,209 market contingent SARs, which vest on a time-based schedule on the third anniversary of the date of grant, the closing price of the Company's common stock is at least $15.30 per share for the average of 60 consecutive trading days anytime within five years from the grant date. These stock prices represent premiums in excess of at least 50% of the closing stock price of the Company's common stock on the date of grant.

The weighted-average fair value of non-performance based SARs granted during the year ended December 31, 2014 was estimated to be $1.56. The weighted-average fair value of non-performance based SARs granted during the year ended December 31, 2013 was estimated to be $1.97. There were 13,183 SARs exercised in 2013 with a weighted-average grant price of $5.90. There were no SARs exercised in 2014. Historically, shares issued upon the exercise of options have been new shares and have not come from treasury shares.

As of December 31, 2014, there was $2.8 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested SARs and restricted stock that are expected to be recognized over a weighted-average period of approximately 1.6 years.

The impact of stock options, SARs, performance shares, RSUs and restricted stock on net loss for the years ended December 31, 2014 and 2013 is as follows:

	2014	2013
Stock options and SARs	$ 727	$ 454
Performance awards	98	—
RSUs and restricted stock	1,299	1,269
Total stock-based compensation expense	$ 2,124	$ 1,723

A summary of stock option and SARs activity for the year ended December 31, 2014, and changes during such year, is presented below:

(tabular information in thousands, except share and per share data)

	Shares	Average Grant Price	Remaining Contractual Period (in years)	Aggregate Intrinsic Value
Outstanding at January 1, 2014	838,543	$6.52	3.08	$ 148
Granted	925,410	$4.33	4.31	$ —
Exercised	—	—		
Forfeited or expired	(71,032)	$11.47		
Outstanding at December 31, 2014	1,692,921	$5.12	3.40	$ 4
Exercisable at December 31, 2014	437,356	$6.32	1.82	$ —
Vested and expected to vest	1,456,345	$5.12	3.32	$ 3

A summary of the status of the Company's nonvested SARs for the year ended December 31, 2014, and changes during such year, is presented below:

	Shares	Weighted- Average Grant Date Fair Value
Nonvested at January 1, 2014	544,573	$ 2.20
Granted	925,410	$ 1.56
Vested	(208,345)	$ 2.27
Forfeited	(6,073)	$ 1.97
Nonvested at December 31, 2014	1,255,565	$ 1.72

The aggregate fair value of SARs vested during the years ended December 31, 2014 and 2013 was $0.5 million and $0.4 million, respectively. The weighted-average grant date fair value of SARs vested during the year ended December 31, 2013 was $2.47.

A summary of the Company's nonvested shares of restricted stock and restricted stock units for the year ended December 31, 2014, and changes during such year, is presented below:

	Shares	Weighted-Average Grant Date Fair Value	Average Remaining Vesting Period (in years)	Aggregate Intrinsic Value
Nonvested at January 1, 2014	581,709	$ 4.81	1.44	$ 2,660
Granted	402,648	$ 3.76	2.48	$ 721
Vested	(213,295)	$ 7.83		
Forfeited	(60,059)	$ 5.22		
Nonvested at December 31, 2014	711,003	$ 2.81	1.70	$ 1,273

The aggregate fair value of restricted stock and restricted stock units vested during each of the years ended December 31, 2014 and 2013 was $1.7 million and $1.1 million, respectively. The weighted-average grant date fair value of restricted stock and restricted stock units vested during the year ended December 31, 2013 was $6.74.

Inducement Awards

In connection with the Company's hiring of a chief financial officer, the Company awarded RSUs and SARs, with a grant date fair value of $75,000 each, on October 20, 2014 (the Start Date). The awards were made pursuant to the NASDAQ inducement grant exception as a component of employment compensation. The inducement grants were approved by the Compensation Committee on October 14, 2014 contingent on and effective as of the Start Date, and were being made as an

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inducement material to the chief financial officer's acceptance of employment with the Company in accordance with NASDAQ Listing Rules.

The Company issued 117,187 SARs, using the Black-Scholes option pricing model to determine the fair value on the Start Date. The SARs have a base price equal to the closing price of PDI's common stock on the Start Date and a five year term. The SARs vest over three years, with one-third of the SARs vesting on each of the first three anniversaries of the Start Date subject to the chief financial officers continued service with PDI through the applicable vesting dates. The Company issued 41,899 RSUs (equal to $75,000 divided by the closing price of PDI's common stock) on the Start Date. The RSUs will vest in full on the third anniversary of the Start Date subject to the chief financial officer's continued service with the Company through the applicable vesting date.

13. Significant Customers

During the years ended December 31, 2014 and 2013, the Company had several significant customers for which it provided services under specific contractual arrangements. The following sets forth the net revenue generated by customers who accounted for more than 10% of the Company's revenue from continuing operations during each of the periods presented.

	Years Ended December 31,	
Customer	2014	2013
A	$ 57,039	$ 70,827
B	$ 26,825	$ 27,976

The Company recorded all its revenue from significant customers in its Commercial Services segment for 2014 and 2013. For the years ended December 31, 2014 and 2013, the Company's two largest customers, each representing 10% or more of its revenue, accounted for, in the aggregate, approximately 69.7% and 67.4%, respectively, of its revenue from continuing operations. At December 31, 2014 and 2013, the Company's two largest customers represented 51.5% and 86%, respectively, of the aggregate of its outstanding accounts receivable and unbilled receivable balances.

The following sets forth the significant customers who accounted for more than 10% of the Company's accounts receivable and unbilled receivable balances as of December 31, 2014 and 2013.

	Years Ended December 31,	
Customer	2014	2013
A	$ 7,341	$ 9,153

14. Facilities Realignment

Saddle River, New Jersey Facility

Prior to December 2009, the Company's corporate headquarters were located in a three-floor facility in Saddle River, New Jersey. In 2007, the Company entered into a sublease for the second floor of its Saddle River, New Jersey facility through the end of the facility's lease term, January 2016. This sublease will not fully offset the Company's lease obligations for this space; therefore, the Company recorded a $1.0 million charge for facility realignment and related asset impairment for furniture and leasehold improvements in the office space.

In December 2009, the Company relocated its corporate headquarters from its Saddle River, New Jersey facility to a smaller office located in Parsippany, New Jersey. Due to the relocation, the Company recorded a facility realignment charge of approximately $3.9 million in December 2009 and a non-cash impairment charge of approximately $1.5 million related to furniture, leasehold improvements and office equipment in the office space. Effective September 1, 2009, the Company extended the sublease for the first floor of its Saddle River, New Jersey facility through the remainder of the facility lease term. The sublease is expected to provide approximately $2.3 million in sublease income through January 2016, but will not

(tabular information in thousands, except share and per share data)

fully offset the Company's lease obligations for this space. As a result, the Company recorded a $0.8 million facility realignment charge in the third quarter of 2009. The Company also recorded a non-cash impairment charge of approximately $0.4 million related to furniture and leasehold improvements in the office space.

Due to continued adverse conditions in the real estate market in 2010, the Company adjusted its assumptions regarding its ability to sublease unoccupied space on the third floor of the Saddle River, New Jersey facility resulting in realignment charges of approximately $0.6 million and $1.4 million during the quarters ended June 30, 2010 and December 31, 2010, respectively. In September 2011, the Company secured a sublease for the approximately 47,000 square feet of remaining space in Saddle River, New Jersey. This sublease runs through the end of the facility's lease term, January 2016. The Company expects to receive approximately $2.2 million in lease payments over the life of the sublease.

Parsippany, New Jersey Group DCA Facility

In the fourth quarter of 2012, the Company down-sized its operations at Group DCA, exiting approximately 9,000 square feet of space and recorded $0.6 million in realignment charges and $0.1 million in non-cash impairments of furniture and leasehold improvements.

Dresher, Pennsylvania Facility

During the year ended December 31, 2009, the Company continued to right-size its operations in Dresher, Pennsylvania and recorded facility realignment charges of $1.4 million and non-cash impairments of furniture and leasehold improvements of $0.7 million. During 2010, the Company discontinued the operations of its TVG business unit and exited the remaining portion of space at the facility, thus recording additional restructuring charges of $0.3 million for facility realignment and $0.6 million for non-cash asset impairments of furniture and leasehold improvements in discontinued operations for the year ended December 31, 2010. See Note 12, Discontinued Operations, for further information regarding the discontinued operations of TVG.

As of December 31, 2013, all of the space in Dresher, Pennsylvania has been subleased. These subleases run through the end of the facility's lease term, November 2016.

Schaumburg, Illinois Facility

In December 2011, the Company sold certain assets of its Pharmakon business unit, vacated the business units' Schaumburg, Illinois facility and recorded a facility realignment charge of $0.4 million in discontinued operations. During the first quarter of 2012, the Company secured a sublease for the approximately 6,700 square feet of office space in Schaumburg, Illinois. This sublease runs through the end of the facility's lease term, February 2015. The Company expects to receive approximately $0.3 million in lease payments over the life of the sublease.

There were no significant facility realignment charges during the years ended December 31, 2014 and 2013.

The following table presents a reconciliation of the restructuring charges during the years ended December 31, 2014 and 2013 to the balances as of December 31, 2014 and 2013, which is included in other accrued expenses ($0.6 million and $1.2 million, respectively) and in long-term liabilities ($0.1 million and $0.8 million, respectively):

	Commercial Services	Discontinued Operations	Total
Balance as of January 1, 2013	$ 2,027	$ 1,252	$ 3,279
Accretion	112	30	142
Adjustments	—	—	—
Payments	(1,014)	(445)	(1,459)
Balance as of December 31, 2013	1,125	837	1,962
Accretion	112	30	142
Adjustments	—	(16)	(16)
Payments	(677)	(644)	(1,321)
Balance as of December 31, 2014	$ 560	$ 207	$ 767

15. Income Taxes

The provision for or benefit from income taxes on continuing operations for the years ended December 31, 2014 and 2013 is comprised of the following:

	2014	2013
Current:		
Federal	$ —	$ —
State	297	180
Total current	297	180
Deferred:		
Federal	(4,686)	—

State	(349)	—
Total deferred	(5,035)	—
(Benefit) Provision for income taxes	$ (4,738)	$ 180

During 2014, in conjunction with the accounting associated with the RedPath acquisition described in Note 3, Acquisitions, the Company recorded a net deferred tax liability related to the book and tax basis difference of the underlying RedPath assets. The net deferred tax liability will serve as reversible temporary differences that will give rise to future taxable income and, accordingly, serve as a source of income that permits the recognition of certain existing deferred tax assets of the Company. Solely on this basis, management determined that it is more likely than not that a portion of its valuation allowance was no longer required. As a result of the release of the valuation allowance, the Company recorded a tax benefit of $5.0 million in the consolidated statement of operations for the year ended December 31, 2014. In addition to the benefit of the release of the valuation allowance, the Company recorded for the year ended December 31, 2014 a current provision of $0.3 million for income taxes on current income and a benefit of $44,000 related to the realization of current year losses in certain state jurisdictions.

The Company performs an analysis each year to determine whether the expected future income will more likely than not be sufficient to realize the deferred tax assets. The Company's recent operating results and projections of future income weighed heavily in the Company's overall assessment. As a result of this analysis, the Company continues to maintain a full valuation allowance against its federal and state net deferred tax assets at December 31, 2014 as the Company believes that it is more

(tabular information in thousands, except share and per share data)

likely than not that these assets will not be realized. The tax effects of significant items comprising the Company's deferred tax assets and (liabilities) as of December 31, 2014 and 2013 are as follows:

	2014	2013
Deferred tax assets included in other current assets:		
Allowances and reserves	$ 4,769	$ 1,217
Compensation	3,637	4,010
Valuation allowance on deferred tax assets	(7,046)	(5,227)
Current deferred tax assets	$ 1,360	$ —
Noncurrent deferred tax assets and liabilities:		
State net operating loss carryforwards	$ 5,534	$ 4,774
Federal net operating loss carryforwards	41,466	31,253
Credit carryforward	150	—
State taxes	1,124	1,124
Self insurance and other reserves	509	294
Property, plant and equipment	2,332	2,196
Intangible assets	(5,746)	8,269
Other reserves - restructuring	181	391
Deferred revenue	5	6
Valuation allowance on deferred tax assets	(48,080)	(48,307)
Noncurrent deferred tax liabilities, net	$ (2,525)	$ —

The Company's current deferred tax asset and noncurrent deferred tax liability are included within *Other current assets and Other long-term liabilities*, respectively, within the consolidated balance sheet as of December 31, 2014. Federal tax attribute carryforwards at December 31, 2014, consist primarily of approximately $118.5 million of federal net operating losses. In addition, the Company has approximately $120.0 million of state net operating losses carryforwards. The utilization of the federal carryforwards as an available offset to future taxable income is subject to limitations under federal income tax laws. If the federal net operating losses are not utilized, they begin to expire in 2027, and current state net operating losses not utilized begin to expire this year.

A reconciliation of the difference between the federal statutory tax rates and the Company's effective tax rate from continuing operations is as follows:

	2014	2013
Federal statutory rate	35.0 %	35.0 %
State income tax rate, net of Federal tax benefit	0.8 %	0.3 %
Meals and entertainment	(0.1)%	(2.3)%
Valuation allowance	1.1 %	(35.9)%
Other non-deductible	(3.2)%	(1.3)%
Other taxes	— %	— %
Net change in Federal and state reserves	— %	— %
Effective tax rate	33.5 %	(4.2)%

The following table summarizes the change in uncertain tax benefit reserves for the two years ended December 31, 2014:

(tabular information in thousands, except share and per share data)

	Unrecognized Tax Benefits
Balance of unrecognized benefits as of January 1, 2013	$ 1,117
Additions for tax positions related to the current year	—
Additions for tax positions of prior years	—
Reductions for tax positions of prior years	—
Balance as of December 31, 2013	$ 1,117
Additions for tax positions related to the current year	—
Additions for tax positions of prior years	—
Reductions for tax positions of prior years	—
Balance as of December 31, 2014	$ 1,117

As of December 31, 2014 and 2013, the total amount of gross unrecognized tax benefits was $1.1 million in each year. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of December 31, 2014 and 2013 was $1.1 million in each year.

The Company recognized interest and penalties of $0.2 million related to uncertain tax positions in income tax expense during each of the years ended December 31, 2014 and 2013. At December 31, 2014 and 2013, accrued interest and penalties, net were $2.2 million and $2.0 million, respectively, and included in the *Other long-term liabilities* in the consolidated balance sheets.

The Company and its subsidiaries file a U.S. Federal consolidated income tax return and consolidated and separate income tax returns in numerous states and local tax jurisdictions. The following tax years remain subject to examination as of December 31, 2014:

Jurisdiction	Tax Years
Federal	2010 - 2014
State and Local	2008 - 2014

To the extent there was a failure to file a tax return in a previous year; the statute of limitation will not begin until the return is filed. There were no examinations in process by the Internal Revenue Service as of December 31, 2014. In 2014, the Company was selected for examination by the Internal Revenue Service for the tax periods ending December 31, 2012 and December 31, 2011.

16. Historical Basic and Diluted Net Loss per Share

A reconciliation of the number of shares used in the calculation of basic and diluted earnings per share for the years ended December 31, 2014 and 2013 is as follows:

	Years Ended December 31,	
	2014	2013
Basic weighted average number of common shares	14,901	14,718
Potential dilutive effect of stock-based awards	—	—
Diluted weighted average number of common shares	14,901	14,718

The following outstanding stock-based awards were excluded from the computation of the effect of dilutive securities on loss per share for the following periods as they would have been anti-dilutive:

(tabular information in thousands, except share and per share data)

	Years Ended December 31,	
	2014	2013
Options	25,000	42,500
Stock-settled stock appreciation rights (SARs)	1,479,756	796,043
Restricted stock and restricted stock units (RSUs)	711,003	581,709
Performance contingent SARs	188,165	—
	2,403,924	1,420,252

17. Segment Information

The accounting policies followed by the segments are described in Note 1, Nature of Business and Significant Accounting Policies. Corporate charges are allocated to each of the reporting segments on the basis of total salary expense. Corporate charges include corporate headquarter costs and certain depreciation expenses. Certain corporate capital expenditures have not been allocated from Commercial Services to the other reporting segments since it is impracticable to do so. Assets and capital expenditures pertaining to discontinued operations have been included under Commercial Services.

Effective December 31, 2014, the Company has two reporting segments: Commercial Services and Interpace Diagnostics. The Company realigned its reporting segments, and the operating segments and service offerings within its reporting segments, due to the acquisition of RedPath and acquiring certain assets from Asuragen, Inc. (Asuragen) to reflect the Company's current and going forward business strategy. As part of this strategy, the decision has been made to discontinue the Group DCA business and classify this business as discontinued operations and held for sale, and no longer be presenting a Marketing Services segment. Our current reporting segments are reflective of the way the Company's management organizes for making operating decisions and assessing performance. These reporting segments allow investors to: better understand Company performance; better assess prospects for future cash flows; and make more informed decisions about the Company.

Commercial Services segment – includes personal promotion (the Company’s dedicated and established relationship sales teams), the Company’s medical and clinical educator services and full product commercialization service offerings. Our Commercial Services segment is focused on providing outsourced pharmaceutical, biotechnology, medical device and diagnostic sales teams to our customers through a range of complementary support services designed to achieve their strategic and financial objectives. Our customers in this segment include pharmaceutical, biotechnology, diagnostics and healthcare companies. These service offerings have similar long-term average gross margins, contract terms, types of customers and regulatory environments.

Interpace Diagnostics segment – focuses on developing and commercializing molecular diagnostic tests, leveraging the latest technology and personalized medicine for better patient diagnosis and management. Through our Interpace Diagnostics segment, we aim to provide physicians and patients with diagnostic options for detecting genetic and other molecular alterations that are associated with gastrointestinal and endocrine cancers. Customers in our Interpace Diagnostics segment consist primarily of physicians, hospitals and clinics. The service offerings throughout the gastrointestinal operating segment and endocrine operating segment have similar long-term average gross margins, contract terms, types of customers and regulatory environments.

(tabular information in thousands, except share and per share data)

	Commercial Services	Interpace Diagnostics	Consolidated
For the year ended December 31, 2014:			
Revenue	$ 118,461	$ 1,474	$ 119,935
Operating loss	$ (3,168)	$ (10,302)	$ (13,470)
Capital expenditures	$ 1,580	$ 1,271	$ 2,851
Depreciation and amortization expense (1)	$ 1,001	$ 841	$ 1,842
Total assets	$ 34,807	$ 81,099	$ 115,906
For the year ended December 31, 2013:			
Revenue	$ 146,534	$ —	$ 146,534
Operating loss	$ (980)	$ (457)	$ (1,437)
Capital expenditures	$ 1,818	$ —	$ 1,818
Depreciation and amortization expense (1)	$ 1,190	$ —	$ 1,190
Total assets	$ 67,562	$ 1,502	$ 69,064

(1) Excludes amounts included within discontinued operations.

18. Investment in Privately Held Non-Controlled Entity and Other Arrangements

In August 2013, PDI entered into phase one of a collaboration agreement with a privately held molecular diagnostics company (the Diagnostics Company) to commercialize its fully-developed, molecular diagnostic tests. Under the terms of phase one of the collaboration agreement, PDI paid an initial fee of $1.5 million and has the ability to enter the second phase of the collaboration agreement in the form of a call option to purchase the outstanding common stock of the Diagnostics Company. The Company also has the option to contribute an additional $0.5 million for mutually agreed upon activities in furtherance of collaboration efforts. If PDI purchases the outstanding common stock of the Diagnostics Company, in addition to the option price based on the achievement of milestones, beginning in 2015, PDI would pay a royalty of 7% on annual net revenue up to $50.0 million with escalating royalty percentages for higher annual net revenue capped at 11% for annual net revenue in excess of $100.0 million. As of December 31, 2013 the initial investment was recorded within *Other current assets* in the consolidated balance sheet. In the fourth quarter of 2014, the Company identified events that have had an adverse effect on the fair value of this cost-method investment and impaired the initial investment of $1.5 million in *Asset impairments* within the consolidated statement of comprehensive loss.

Through June 30, 2014, the Company loaned the Diagnostics Company approximately $0.7 million bearing a 4% interest rate. In connection with the amendment to the collaboration agreement during the three month period ended September 30, 2014, the loan balance was reduced to $0.6 million. This loan is secured by the stock of Diagnostics Company and is payable to PDI at the sooner of: March 31, 2015; the expiration or termination of the collaboration agreement between the parties; the acquisition of the Diagnostics Company by PDI; or default by the Diagnostics Company. PDI recorded the loan receivable within *Other current assets* in the Condensed Consolidated Balance Sheets. In the fourth quarter of 2014, the Company fully reserved for the loan, recording a charge of approximately $0.6 million in *Asset impairments* with the consolidated statement of comprehensive loss.

Other Arrangements

In October 2013, the Company entered into phase one of a collaboration agreement to commercialize CardioPredict™, a molecular diagnostic test developed by Transgenomic, in the United States. Under the terms of the collaboration agreement, PDI was responsible for all U.S.-based marketing and promotion of CardioPredict™, while Transgenomic would be responsible for processing CardioPredict™ in its state-of-the-art CLIA lab and all customer support. Both parties were responsible for their respective expenses. Subsequently, the Company has determined that it would not enter into the second phase of the collaboration agreement with Transgenomic and notified Transgenomic of its decision to terminate the collaboration agreement effective June 30, 2014.

PDI's costs related to both of these agreements are expensed in the Company's Interpace Diagnostics segment and reflected in *Cost of sales* or *Selling, general and administrative expenses* in the Consolidated Statement of Comprehensive Loss, depending upon the underlying nature of the expenses incurred.

19. Discontinued Operations

On December 31, 2014 the Company classified Group DCA as held-for-sale and wrote the assets of the business down to their fair values as the assets have become impaired. On December 29, 2011 the Company entered into an agreement to sell certain assets of our Pharmakon business unit to Informed Medical Communications, Inc. ("Informed") in exchange for potential future royalty payments and an ownership interest in Informed. In the fourth quarter of 2012, the Company wrote-off all of the assets related to the sale of Pharmakon to Informed as it believes that these assets have become impaired. On July 19, 2010, the Board approved closing the TVG business unit. The Company notified employees and issued a press release announcing this decision on July 20, 2010. The Consolidated Statements of Comprehensive Loss reflect the presentation of Group DCA, Pharmakon, and TVG as discontinued operations in all periods presented.

The table below presents the significant components of Group DCA's, Pharmakon's and TVG's results included in *Loss from Discontinued Operations, Net of Tax* in the consolidated statements of comprehensive loss for the years ended December 31, 2014 and 2013.

	For the Years Ended December 31,	
	2014	2013
Revenue, net	$ 3,214	$ 4,309
Loss from discontinued operations, before income tax (1)	(6,666)	(2,884)
Income tax expense	5	5
Loss from discontinued operations, net of tax	$ (6,671)	$ (2,889)

(1) Includes loss on disposal of assets and liabilities held-for-sale of $1.2 million and write-off of assets of $0.7 million.

The assets and liabilities classified as held-for-sale and discontinued operations relate to Group DCA, Pharmakon, and TVG. As of December 31, 2014 and December 31, 2013 these assets and liabilities are in the accompanying balance sheets as follows:

	For the Years Ended December 31,					
	2014			**2013**		
	Group DCA	**Other**	**Total**	**Group DCA**	**Other**	**Total**
Accounts receivable, net	$ 613	$ —	$ 613	$ 519	$ —	$ 519
Other	—	—	—	87	—	87
Other current assets	613	—	613	606	—	606
Property and equipment, net	—	—	—	1,221	—	1,221
Goodwill	1,295	—	1,295	2,523	—	2,523
Other	—	150	150	157	150	307
Other long-term assets	1,295	150	1,445	3,901	150	4,051
Total assets	$ 1,908	$ 150	$ 2,058	$ 4,507	$ 150	$ 4,657
Accounts payable	$ 69	$ —	$ 69	$ 150	$ —	$ 150
Unearned contract revenue	1,698	—	1,698	2,033	—	2,033
Accrued salary and bonus	550	—	550	266	—	266
Other	78	425	503	1,641	405	2,046
Other accrued expenses	2,395	425	2,820	4,090	405	4,495
Other long-term liabilities	—	329	329	198	619	817
Total liabilities	$ 2,395	$ 754	$ 3,149	$ 4,288	$ 1,024	$ 5,312

20. Related Party Transactions

John P. Dugan

The Company entered into a consulting agreement (the "Agreement") with its founder and former Chairman of the Board, John P. Dugan. Mr. Dugan, who retired from the Board effective June 3, 2010, is the Company's largest stockholder beneficially owning approximately 32% of the outstanding common stock of PDI as of December 31, 2014.

The Agreement was executed on August 2, 2010 with an effective date of July 1, 2010, and continued for a period of thirty-six months. Pursuant to the Agreement, Mr. Dugan provided consulting services to PDI including, but not limited to, corporate strategy, communications and other general advice upon request of the Company's Chief Executive Officer or the Board for a consulting fee of $12,500 per month over the term of the Agreement. The Agreement was terminable by the Company upon thirty days prior written notice to Mr. Dugan, and terminable by Mr. Dugan upon ten days prior written notice to the Company. The Agreement also contained certain confidentiality clauses as well as a non-compete clause that continues for a period of two years after the termination of the Agreement. Mr. Dugan was paid $75,000 for the year ended December 31, 2013, respectively, in his role as a consultant. The Agreement expired June 30, 2013.

21. Long-Term Debt

On October 31, 2014, the Company and its wholly-owned subsidiary, Interpace, entered into an Agreement to acquire RedPath. In connection with the Transaction, the Company entered into a Note, dated October 31, 2014.

The Note is $11.0 million, interest-free and will be paid in eight equal consecutive quarterly installments beginning October 1, 2016. The interest rate will be 5.0% in the event of a default under the Note. The obligations of the Company under the Note are guaranteed by the Company and its Subsidiaries pursuant to the Subordinated Guarantee in favor of the Equityholder Representative. Pursuant to the Subordinated Guarantee, the Company and its Subsidiaries also granted a security interest in substantially all of their assets, including intellectual property, to secure their obligations to the Equityholder Representative. Based on the Company's incremental borrowing rate under its Credit Agreement, the fair value of the Note at the date of issuance was $7.4 million. During the year ended December 31, 2014, the Company accreted approximately $0.1 million into interest expense using the effective interest method. As of December 31, 2014, the balance of the Note is approximately $7.5 million and the unamortized discount is $3.5 million.

In addition, the Company entered into the Credit Agreement with the Agent and the Lenders in connection with the Transaction in the aggregate principal amount of $20.0 million (the Loan). The maturity date of the loan is October 31, 2020. The Loan bears interest at the greater of (a) three month LIBOR and (b) 1.0%, plus a margin of 12.5%, payable in cash quarterly in arrears, beginning on February 17, 2015. The interest rate will be increased by 3.0% in the event of a default under the Credit Agreement. Beginning in January 2017, the Company will be required to make principal payments on the Loan. Beginning in January 2017 and ending on October 31, 2020, subject to a $250,000 per quarter cap, the Lenders will be entitled to receive quarterly revenue based payments from the Company equal to 1.25x of revenue derived from net sales of molecular diagnostics products (the Synthetic Royalty). The Company received net proceeds of approximately $19.6 million following payment of certain fees and expenses in connection with the Credit Agreement.

The Company paid approximately $0.1 million of certain out-of-pocket costs and expenses incurred by the Lenders and the Agent and a $0.3 million origination fee, both of which are being accreted as interest expense over the life of the loan using the effective interest method. The Company is also obligated to pay a $0.8 million exit fee which the Company is also accreting to interest expense over the life of the Loan. During the year ended December 31, 2014 the Company accreted less than $0.1 million into interest expense and recorded the liability within *Other long-term liabilities* in the consolidated balance sheet. If the Company prepays the Loan, the Company is obligated to pay a prepayment fee equal to: 6.0% of the Loan if the Loan is prepaid on or after October 31, 2015 but prior to October 31, 2016; 5.0% of the Loan if the Loan is prepaid on or after October 31, 2016 but prior to October 31, 2017; and 2.0% if the Loan is prepaid on or after October 31, 2017 but prior to October 31, 2018. In addition the Company will also pay a prepayment premium applicable to the Synthetic Royalty equal to (i)(1) 1.25% multiplied by (2) the lesser of (A) $80.0 million and (B) the aggregate revenue on net sales of molecular diagnostics products for the four most recently-completed fiscal quarters, multiplied by (ii) the number of days remaining until October 31, 2020, divided by (iii) 360. The Company must also make a mandatory prepayment in connection with the disposition of certain of the Company's assets. As of December 31, 2014 the balance of the Loan, net of unamortized debt discount, was $19.7 million.

(tabular information in thousands, except share and per share data)

The obligations of the Company under the Credit Agreement are guaranteed by the Company and its Subsidiaries in favor of the Agent for the benefit of the Lenders. The Credit Agreement contains customary representations and warranties in favor of the Agent and the Lenders and certain covenants, including among other things, financial covenants relating to liquidity and revenue targets. As of December 31, 2014, the Company is in compliance with these covenants.

Principal payments due related to the long-term debt over next five are as follows:

	2015	2016	2017	2018	2019
Subordinated note	$ —	$ 1,375	$ 4,125	$ 4,125	$ 1,375
Loan	—	—	2,534	5,000	5,000
	$ —	$ 1,375	$ 6,659	$ 9,125	$ 6,375

In addition, the Company recorded approximately $0.3 of legal costs in connection with the Credit Facility and capitalized them as deferred financing costs within Other long-term assets in consolidated balance sheet. These deferred financing costs are being amortized to interest expense using the effective interest method over the term of the Credit Facility.

PDI INC.
VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
($ in thousands)

Description	Balance at Beginning of Period	Additions (Reductions) Charged to Operations	Deductions and Other (1)	Balance at end of Period
2014				
Allowance for doubtful accounts	$ 9	—	(9)	$ —
Allowance for doubtful notes	$ 1,040	586	—	$ 1,626
Tax valuation allowance	$ 53,534	(4,991)	6,583	$ 55,126
2013				
Allowance for doubtful accounts	$ —	9	—	$ 9
Allowance for doubtful notes	$ 1,040	—	—	$ 1,040
Tax valuation allowance	$ 51,552	—	1,982	$ 53,534

(1) Includes payments and actual write offs, as well as changes in estimates in the reserves.

AGREEMENT AND PLAN OF MERGER

by and among

REDPATH INTEGRATED PATHOLOGY, INC.,

PDI, INC.,

INTERPACE DIAGNOSTICS, LLC,

REDPATH ACQUISITION SUB, INC.

and

REDPATH EQUITYHOLDER REPRESENTATIVE, LLC

as

EQUITYHOLDER REPRESENTATIVE,

October 31, 2014

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Exhibits

[Exhibits C, D, J, K and L have been omitted as certain of these have been separately filed as exhibits to the Form 8-K.]

AGREEMENT AND PLAN OF MERGER

This **AGREEMENT AND PLAN OF MERGER**, dated as of October 31, 2014 (this "**Agreement**"), by and among (i) PDI, Inc., a Delaware corporation ("**PDI**"), (ii) Interpace Diagnostics, LLC, a Delaware limited liability company ("**Parent**"), (ii) RedPath Acquisition Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent ("**Merger Sub**"), (iii) RedPath Integrated Pathology, Inc., a Delaware corporation (the "**Company**"), and (iv) RedPath Equityholder Representative, LLC, a Delaware limited liability company, solely in its capacity as Equityholder Representative (the "**Equityholder Representative**").

RECITALS

WHEREAS, Parent, Merger Sub and the Company intend to effectuate a merger (the "**Merger**") of Merger Sub with and into the Company in accordance with this Agreement and the General Corporation Law of the State of Delaware, as amended (the "**DGCL**"), with the Company to be the surviving corporation of the Merger.

WHEREAS, the board of directors of the Company (the "**Board**") has (i) determined that the Merger is fair to, and in the best interests of, the Company and the Stockholders, (ii) adopted and approved this Agreement, the Merger and the other Transactions, and (iii) recommended that the Stockholders adopt and approve this Agreement, the Merger and the Transactions (collectively, the "**Company Board Approval**").

WHEREAS, the respective boards of directors or sole member of each of PDI, Parent and Merger Sub have approved this Agreement, the Merger and the other Transactions, and determined that this Agreement, the Merger and the other Transactions are fair to, and in the best interests of, each such company and its respective stockholders as applicable.

WHEREAS, within two (2) Business Days following the execution of this Agreement, the Stockholders will have executed and delivered a written consent substantially in the form attached hereto as Exhibit A, which shall, among other things, approve this Agreement and the Transactions, including the Merger ("**Written Consent**").

NOW, THEREFORE, in consideration of the covenants, promises and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

"**Accredited Investor**" has the meaning set forth in Rule 501 of Regulation D promulgated under the Securities Act .

"**Actual Adjusted Working Capital**" is defined in Section 3.4(b)(ii).

"**Adjusted Working Capital**" means Working Capital, minus Closing Indebtedness, minus Unpaid Company Transaction Expenses, each as set forth on Exhibit G and calculated in accordance with GAAP except as specified otherwise on Exhibit G.

"**Adjusted Working Capital Excess**" is defined in Section 3.4(b)(iv).

"**Adjusted Working Capital Shortfall**" is defined in Section 3.4(b)(iv).

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

"**Agreement**" is defined in the Preamble.

"**Arbiter**" is defined in Section 3.4(b)(iii).

"**Balance Sheet**" is defined in Section 4.7(a).

"**Balance Sheet Date**" is defined in Section 4.7(a).

"**Board**" is defined in the Recitals.

"**Book-Entry Share**" is defined in Section 2.6(c).

"**Breach**" is defined in Section 4.18(j).

"**Business**" means the business and operation of the Company as operated by the Company as of the Closing Date.

"**Business Day**" means any day of the year on which national banking institutions in Philadelphia, Pennsylvania, are open to the public for conducting business and are not required or authorized to close.

"**Cap**" is defined in Section 8.4(c).

"**Certificate**" is defined in Section 2.6(c).

"**Certificate of Merger**" is defined in Section 2.2.

"**CLIA**" means the Clinical Laboratory Improvement Amendments of 1988, as amended.

"**Closing**" is defined in Section 2.2.

"**Closing Adjusted Working Capital**" means the Estimated Adjusted Working Capital minus the Target Adjusted Working Capital.

"**Closing Date**" is defined in Section 2.2.

"**Closing Date Adjusted Working Capital Statement**" is defined in Section 3.4(b)(ii).

"**Closing Indebtedness**" means the Indebtedness of the Company as of immediately prior to the Closing.

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

"**Company**" is defined in the Preamble.

"**Company Board Approval**" is defined in the Recitals.

"**Company Capital Stock**" means the Company Common Stock and the Company Preferred Stock, collectively.

"**Company Common Stock**" means the common stock of the Company, par value $0.001 per share.

"**Company Documents**" is defined in Section 4.2.

"**Company Employee Plans**" is defined in Section 4.15(a).

"**Company Fundamental Representations**" is defined in Section 8.1.

"**Company Intellectual Property**" means any Intellectual Property owned by or exclusively licensed to the Company.

"**Company Material Adverse Effect**" means any change, event, effect or development that (i) has, or is reasonably likely to have, a material adverse effect on the business, financial condition or results of operations of the Company or the Business, or (ii) prevents or materially impedes the ability of the Company to consummate the Transactions; provided, however, that none of the following, or any change, event, circumstance or development resulting or arising

from the following, shall constitute, or shall be considered in determining whether there has occurred, a Company Material Adverse Effect:

(a) changes in conditions in the United States or global economy or capital or financial markets generally (except to the extent that such changes affect the Company or the Business in a materially disproportionate manner as compared to other biotechnology companies that operate in the same industry segment as the Company);

(b) general market or economic conditions in the pharmaceutical, biotechnology or diagnostics industries (except to the extent that such conditions affect the Company or the Business in a materially disproportionate manner as compared to other biotechnology companies that operate in the same industry segment as the Company);

(c) the announcement or pendency of this Agreement or the Transactions (it being understood that this clause (c) shall not apply with respect to the representation set forth in Section 4.3(a), any public communication by PDI or Parent regarding this Agreement or the Transactions or any public communication by the Company that is permitted under this Agreement or is otherwise approved by PDI or Parent);

(d) changes in GAAP or Law or the interpretation thereof (except to the extent that such changes affect the Company or the Business in a materially disproportionate manner as compared to other biotechnology companies that operate in the same industry segment as the Company); and

(e) acts of war, armed hostilities, sabotage or terrorism (except to the extent that such acts affect the Company or the Business in a materially disproportionate manner as compared to other biotechnology companies that operate in the same industry segment as the Company).

"**Company Option Plans**" is defined in Section 3.5(a).

"**Company Options**" is defined in Section 4.4(b).

"**Company Permits**" is defined in Section 4.19.

"**Company Preferred Stock**" means the Series A Convertible Participating Preferred Stock and the Series B Convertible Participating Preferred Stock, collectively.

"**Company Recommendation**" is defined in Section 6.12.

"**Company Schedules**" is defined in Article IV.

"**Confidential Information**" is defined in Section 6.1.

"**Consent**" means any consent, approval, authorization, waiver, grant, franchise, concession, certificate, exemption, Order, registration, declaration, filing, report, notice or exception with, to or from any Person.

"**Contingent Consideration Agreement**" is defined in Section 3.2. "**Contract**" means any contract, agreement, indenture, note, bond, mortgage, loan, instrument, lease, license, commitment or other arrangement, understanding or obligation, whether written or oral, provided that in the case of any such commitment or other arrangement, understanding or obligation, which commitment or other arrangement, understanding or obligation is legally binding and enforceable.

"**Contractors**" is defined in Section 4.16(c).

"**Convertible Notes**" means the 2013 Senior Subordinated Series C Secured Convertible Promissory Notes issued pursuant to that certain 2013 Series C Convertible Promissory Note Purchase Agreement, dated as of September 23, 2013, by and among the Company and the noteholder parties thereto, as amended on October 31, 2014.

"**Copyrights**" is defined in Section 4.13(a).

"**Default**" means, with respect to a Contract, Order, Law, Employee Benefit Plan, organizational document or other instrument or agreement, (i) a violation, breach or default, (ii) the occurrence of an event that (with or without the passage of time or the giving of notice or both) would constitute a violation, breach or default, or (iii) the occurrence of an event, that (with or without the passage of time or the giving of notice or both) would give rise to a right of damages, specific performance, termination, renegotiation or acceleration (including the acceleration of payment).

"**DGCL**" is defined in the Recitals.

"**Dissenting Shares**" is defined in Section 3.7(a).

"**DOJ Settlement Agreement**" means the Settlement Agreement dated January 28, 2013 by and between the Company and the U.S. Department of Justice.

"**DOJ Settlement Shortfall**" is defined in Section 8.5.

"**Effective Time**" is defined in Section 2.2.

"**Employee Benefit Plan**" is defined in Section 4.15(a).

"**Employees**" means all Persons employed by the Company on a full or part-time basis, whether on active status or on leaves of absence.

"**Enforceability Exceptions**" means (i) any applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the enforcement of creditors' rights generally, and (ii) general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity.

"**Environmental Costs and Liabilities**" means, with respect to any Person, all Liabilities, Remedial Actions, losses, damages (including punitive damages and consequential damages), costs and expenses (including all reasonable fees, disbursements and expenses of counsel,

experts and consultants and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand by any other Person or in response to any violation of or requirement under Environmental Law, whether known or unknown, accrued or contingent, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or otherwise, to the extent based upon, related to, or arising under or pursuant to any Environmental Law, Environmental Permit, Order or agreement with any Governmental Body or other Person, which relates to any environmental, health or safety condition, violation of or requirement under Environmental Law or a Release or threatened Release of Hazardous Materials.

"**Environmental Law**" means any Law, as now or hereafter in effect, in any way relating to pollution, the protection of human health and safety, the environment, the preservation or restoration of natural resources, the environmental content of raw materials, constituents, compounds, goods or products, or the protection of worker health and safety, including the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.) the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), the Atomic Energy Act (42 U.S.C. § 2011 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), and all similar Laws of any Governmental Body with jurisdiction over the Company and its Business, as each has been or may be amended.

"**Environmental Permit**" means any Permit required by Environmental Laws for the operation of the Business.

"**Equityholder**" means, as applicable, (i) a Stockholder, or (ii) a holder of Convertible Notes issued by the Company if and to the extent that such holder is entitled to receive a portion of the Merger Consideration pursuant to, and in accordance with, this Agreement.

"**Equityholder Indemnified Parties**" is defined in Section 8.2(b).

"**Equityholder Representative**" is defined in the Preamble.

"**Equityholder Representative Fund**" is defined in Section 10.2(l).

"**ERISA**" is defined in Section 4.15(a).

"**ERISA Affiliate**" is defined in Section 4.15(a).

"**Estimated Adjusted Working Capital**" is defined in Section 3.4(a).

"**Exchange Act**" is defined in Section 4.14(a)(xi).

"**Execution Date**" is defined in Section 6.9.

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

"**FDA Act**" means the U.S. Federal Food, Drug and Cosmetic Act, as amended.

"**FDA Ethics Policy**" is defined in Section 4.18(i).

"**Financial Statements**" is defined in Section 4.7(a).

"**Future Payments**" means the payments to be made pursuant to the Subordinated Note and the contingent payment obligations to be made by PDI or Parent, as applicable, pursuant to the terms and subject to the conditions of the Subordinated Note and the Contingent Consideration Agreement, respectively.

"**Future Payment Allocation Schedule**" is defined in Section 3.3(b).

"**GAAP**" means generally accepted accounting principles as applied in the United States, consistently applied and maintained throughout the applicable periods.

"**Governmental Body**" means any government or governmental or regulatory body thereof, or political subdivision thereof, whether federal, state, local or foreign, or any agency, instrumentality or authority thereof, or any court or arbitrator (public or private).

"**Guaranty Agreement**" means the Guaranty Agreement executed and delivered by the Surviving Corporation to the Equityholder Representative pursuant to which the Surviving Corporation guarantees and agrees to become surety for the obligations and liabilities of PDI and the Parent under the Contingent Consideration Agreement and the Subordinated Note, in the form attached hereto as Exhibit K.

"**Hazardous Material**" means any chemical, substance, material or waste, whether solid, gaseous or liquid, that (a) is regulated, classified, or otherwise characterized under or pursuant to any Environmental Law as "hazardous," "toxic," "pollutant," "contaminant," "radioactive," or words of similar meaning or effect, or (b) may pose a present or potential hazard to human health or the environment when improperly handled, Released, treated, stored, transported or otherwise managed, including source material, by-product material, and special nuclear material, mixed wastes, explosive, medical or biohazardous materials or wastes, petroleum and its by-products, asbestos and asbestos-containing materials, polychlorinated biphenyls, radon, mold and urea formaldehyde insulation.

"**Healthcare Laws**" means all Laws, the primary purpose of which is the regulation of healthcare, applicable to the Company, including: (i) all Laws applicable to the operation of laboratories and the provision of laboratory services by the Company (including, but not limited to, CLIA); (ii) the Medicare statute (Title XVIII of the Social Security Act, 42 U.S.C. § 1395 *et seq.*), the Medicaid statute (Title XIX of the Social Security Act, 42 U.S.C. § 1396 *et seq.*), the federal TRICARE statute (10 U.S.C. § 1071 *et seq*.) and any other federal, state or local governmental healthcare programs; (iii) the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)); including, to the extent necessary for compliance with the federal Anti-Kickback Statute, the statutory exceptions and regulatory safe harbors (42 C.F.R. § 1001.952 *et seq.),* (iv) the Civil Monetary Penalties Law (42 U.S.C. §§ 1320a-7a and 1320a-7b); (v) the Ethics in Patient Referrals Act, as amended, the "Stark Law" (42 U.S.C. § 1395nn) including the statutory exceptions and regulatory exceptions (42 C.F.R. § 411.350 *et seq.*); (vi) the False Claims Act (31 U.S.C. § 3729 *et seq*.) and analogous state Laws; (vii) the False Statements Accountability Act (18 U.S.C. § 1001);

(viii) the Program Fraud Civil Remedies Act (31 U.S.C. § 3801 *et seq*.); (ix) any criminal Laws relating to healthcare, including, but not limited to those specified in 18 U.S.C. § 24 and 18 U.S.C. § 286 and 42 U.S.C. § 1320a-7b; (x) all Laws that govern federal healthcare programs (as defined in 42 U.S.C. § 1320a–7b(f)); (xi) HIPAA and HITECH, and all similar state and local Laws; and (xii) all applicable corporate practice of medicine, fee splitting, state anti-kickback or self-referral and reimbursement Laws applicable to the items and services that the Company provides.

"**HIPAA**" means the Health Insurance Portability and Accountability Act of 1996, (42 U.S.C. §§ 1320d-1329d-9), and the regulations promulgated thereunder, including but not limited to the Standards for Privacy of Individually Identifiable Health Information, the Security Standards for the Protection of Electronic Protected Health Information, and the Breach Notification Rule (45 C.F.R. Parts 160, 162 and 164).

"**HITECH**" means the Health Information Technology for Economic and Clinical Health Act, enacted as Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009, Public Law 111-5, together with the regulations promulgated thereunder.

"**Indebtedness**" of any Person means, without duplication: (i) the principal, accreted value, accrued and unpaid interest, prepayment and redemption premiums or penalties (if any), unpaid fees or expenses and other monetary obligations in respect of (A) indebtedness of such Person for borrowed money, and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable and other accrued current liabilities arising in the Ordinary Course of Business (other than the current liability portion of any indebtedness for borrowed money)); (iii) all obligations of such Person under leases required to be capitalized in accordance with GAAP; (iv) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction; (v) all obligations of such Person under interest rate or currency swap transactions (valued at the termination value thereof); (vi) all obligations of the Company for Taxes of any Pre-Closing Tax Period, including any Taxes arising from payments made to holders of Company Options to the extent attributable to a Pre-Closing Tax Period; (vii) all obligations of the type referred to in clauses (i) through (vi) of any Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; and (viii) all obligations of the type referred to in clauses (i) through (vii) of other Persons secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

"**Information Statement**" is defined in Section 6.17.

"**Initial Cash Purchase Price**" is defined in Section 3.1(a).

"**Initial Merger Consideration**" is defined in Section 3.1.

"**Initial Payment Allocation Schedule**" is defined in Section 3.3(a)(i).

"**Insurance Policies**" is defined in Section 4.22.

"**Intellectual Property**" is defined in Section 4.13(a).

"**Investors' Agreement**" means the Investors' Agreement dated September 25, 2006 by and among the Company and certain Stockholders party thereto, as amended.

"**IRS**" means the Internal Revenue Service.

"**Knowledge**" (including any derivation thereof such as "known" or "knowing") means the actual knowledge (i) after such inquiries as would be deemed reasonable and appropriate in the prudent management of the Business, of any of the officers of such Person and its subsidiaries, if such Person is an entity, and (ii) of such Person, if such Person is an individual.

"**Law**" means any foreign, federal, state, provincial or local law (including common law), statute, code, ordinance, rule, regulation or guidance having the binding effect of law, Order or other requirement of a Government Body.

"**Leased Real Property**" means all real property leased by the Company and described in the Real Property Leases.

"**Legal Proceeding**" means any judicial, administrative or arbitral actions, suits, mediation, investigation, inquiry, proceedings or claims (including counterclaims) by or before a Governmental Body.

"**Letter of Transmittal**" is defined in Section 3.3(a)(ii).

"**Liability**" means any debt, loss, damage, adverse claim, fines, penalties, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto, including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation).

"**Lien**" means any lien, pledge, mortgage, deed of trust, security interest, lease, charge, option, right of first refusal, easement, servitude, proxy, voting trust or agreement, transfer restriction under any shareholder or similar agreement, encumbrance or any other restriction or limitation on transfer whatsoever.

"**Loss**" or "**Losses**" means any and all Liabilities, encumbrances, Taxes, penalties, fines, settlements, or claims, including reasonable attorneys', experts' and accountants' fees, expenses and disbursements and court costs in connection with any of the foregoing (including any costs of defense incurred by an Indemnified Party in the event it is required or entitled to defend a Third Party Claim under Section 8.3, incurred by a Person in connection with such fact, event or circumstance, including any such Loss Event), including any of the foregoing arising out of events, facts or circumstances that have occurred on or prior to the Closing Date, even though the Claim

in connection with such events, facts or circumstances may not be filed or come to light until after the Closing Date.

"**Loss Event**" means any fact, event or circumstance which has resulted in or is reasonably likely to result in a Loss or a Third Party Claim.

"**Material Contracts**" is defined in Section 4.14(a).

"**Merger**" is defined in the Recitals.

"**Merger Consideration**" is defined in Section 2.6(a).

"**Merger Sub**" is defined in the Preamble.

"**Nasdaq**" means The Nasdaq Stock Market LLC.

"**Observer**" is defined in Section 6.15.

"**Observer Right**" is defined in Section 6.15.

"**Option Cancellation Agreement**" is defined in Section 3.5(b).

"**Order**" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Body.

"**Ordinary Course of Business**" means the ordinary and usual course of day-to-day operations of the Business consistent with past practice.

"**Parent**" is defined in the Preamble.

"**Parent Documents**" is defined in Section 5.2.

"**Parent Fundamental Representations**" is defined in Section 8.1.

"**Parent Indemnified Parties**" is defined in Section 8.2(a).

"**Parent Material Adverse Effect**" means any change, event, effect or development that (i) has, or is reasonably likely to have, a material adverse effect on the business, financial condition or results of operations of PDI, Parent or Merger Sub, or (ii) prevents or materially impedes the ability of PDI, Parent or Merger Sub to consummate the Transactions; provided, however, that none of the following, or any change, event, circumstance or development resulting or arising from the following, shall constitute, or shall be considered in determining whether there has occurred, a Parent Material Adverse Effect:

(a) changes in conditions in the United States or global economy or capital or financial markets generally (except to the extent that such changes affect PDI, Parent or their businesses in a materially disproportionate manner as compared to other biotechnology companies that operate in the same industry segment as PDI or Parent);

(b) general market or economic conditions in the pharmaceutical or biotechnology industries (except to the extent that such conditions affect PDI, Parent or their businesses in a materially disproportionate manner as compared to other biotechnology companies that operate in the same industry segment as PDI or Parent);

(c) changes in GAAP or Law or the interpretation thereof (except to the extent that such changes affect PDI, Parent or their businesses in a materially disproportionate manner as compared to other biotechnology companies that operate in the same industry segment as Parent); and

(d) acts of war, armed hostilities, sabotage or terrorism (except to the extent that such acts affect PDI, Parent or their businesses in a materially disproportionate manner as compared to other biotechnology companies that operate in the same industry segment as PDI or Parent).

"**Patents**" is defined in Section 4.13(a).

"**PDI**" is defined in the Preamble.

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

"**PDI Common Stock Market Value**" means the per share price of PDI Common Stock based upon the volume weighted average trading price of a share of PDI Common Stock for the five (5) day period ending as of the closing of Nasdaq on the earlier of (i) the date that shares of PDI Common Stock are issued pursuant to the Contingent Consideration Agreement, or (ii) the date of an event giving rise to a right to set-off under Section 8.5(a) of this Agreement against shares of PDI Common Stock to be issued pursuant to the Contingent Consideration Agreement (or if the dates referenced in clauses (i) or (ii) above are not a Business Day, the immediately preceding Business Day).

"**PDI SEC Documents**" is defined in Section 5.6(a).

"**Permits**" means any approvals, authorizations, consents, licenses, permits, exemptions or certificates of a Governmental Body.

"**Permitted Exceptions**" means (i) statutory liens for current Taxes, assessments or other governmental charges not yet due and payable; (ii) mechanics', carriers', workers', and repairers' Liens arising or incurred in the Ordinary Course of Business that are not material to the Business and that are not resulting from a Default by the Company of any Contract or Law; (iii) liens or other encumbrances set forth on Schedule 1.1; (iv) minor imperfections of title, none of which imperfections, individually or in the aggregate, materially detracts from the value of the affected properties, or materially impairs the use of the affected properties in the manner such properties currently are being used or materially impairs the operations of the Company; and (v) any restrictions on transfer imposed on the Shares under applicable federal and state securities laws.

"**Person**" means any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Body or other entity.

"**Pre-Closing Tax Period**" means any Tax Period (and that portion of any Straddle Period) ending on or before the Closing Date.

"**Privacy Policies**" is defined in Section 4.18(l).

"**Proprietary Information**" means at any date, any information of a Person, that is not already generally available to the public (unless such information has entered the public domain and become available to the public through fault on the part of the party to be charged hereunder), which constitute trade secrets, personally identifiable financial information, or personal health information under governing Law.

"**Pro-Rata Merger Consideration Percentage**" means the percentage of Merger Consideration allocated to an Equityholder as of the date of a claim for indemnification pursuant to Article VIII.

"**Protected Health Information**" is defined in Section 4.18(l).

"**Real Property Leases**" means all leases, subleases or occupancy agreements pursuant to which the Company leases, subleases, uses or occupies any real property.

"**Related Documents**" means the Company Documents, the Parent Documents and any other documents or agreements delivered together with or related to this Agreement, the Company Documents or the Parent Documents.

"**Related Persons**" is defined in Section 4.21.

"**Release**" means any release, spill, emission, leaking, pumping, poring, injection, deposit, dumping, emptying, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment (including ambient air, surface water, groundwater, land surface or subsurface strata), or into or out of any property.

"**Remedial Action**" means all actions including any capital expenditures undertaken to (i) clean up, remove, treat or in any other way address any Hazardous Material; (ii) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care; or (iv) respond to or correct a condition of noncompliance with Environmental Laws.

"**Sarbanes-Oxley Act**" is defined in Section 5.6(a).

"**SEC**" is defined in Section 5.6(a).

"**Section 6.10 Indemnified Persons**" is defined in Section 6.10(a).

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

"**Security Documents**" means (i) that certain Guarantee and Security Collateral Agreement, dated on or about the date hereof, by and among PDI, Inc., Group DCA, LLC, Interpace BioPharma, LLC, Interpace Diagnostics, LLC, JS Genetics, Inc., and RedPath Acquisition Sub, Inc., as grantors, and RedPath Equity Holder Representative, LLC, as lender; (ii) that certain Intellectual Property Security Agreement dated on or about the date hereof by PDI, Inc., Group DCA, LLC and Interpace Diagnostics, LLC in favor of Lender, in the form attached hereto as Exhibit L; and (iii) each other agreement or instrument pursuant to or in connection with a lien or security interest is granted to RedPath Equity Holder Representative, LLC as security for the obligations under the Subordinated Note.

"**Series A Convertible Participating Preferred Stock** " means the Series A Convertible Participating Preferred Stock of the Company, par value $0.001 per share.

"**Series B Convertible Participating Preferred Stock**" means the Series B Convertible Participating Preferred Stock of the Company, par value $0.001 per share.

"**Shares**" means the shares of the Company Capital Stock.

"**Stock Consideration**" means PDI Common Stock issued as Merger Consideration to the Equityholders pursuant to the terms and conditions of this Agreement.

"**Stockholder Approval**" means, promptly following the execution of this Agreement, the affirmative vote of the Stockholders necessary to approve this Agreement and the Merger in accordance with the applicable provisions of the Company's organizational documents and the DGCL, which shall be evidenced by execution of the Written Consent.

"**Stockholders**" means the holders of the Shares.

"**Straddle Period**" means any Tax Period beginning before the Closing Date and ending after the Closing Date.

"**Subordinated Note**" means the Subordinated Note issued by PDI and the Parent to the Equityholder Representative on the Closing Date pursuant to the terms of this Agreement, in the form attached hereto as Exhibit J.

"**Subordination Agreement**" means that certain Subordination and Intercreditor Agreement, dated as of the date hereof, by and among SWK Funding LLC, as Senior Agent, RedPath Equityholder Representative, LLC, as Junior Lender, PDI, Inc., on behalf of itself and its subsidiaries and affiliates, and Interpace Diagnostics, LLC, on behalf of itself and its subsidiaries and affiliates.

"**Subsidiary**" means any Person of which (i) a majority of the outstanding share capital, voting securities or other equity interests are owned, directly or indirectly, by the Company, PDI or the Parent, as the context requires, or (ii) the Company, PDI or the Parent, as the context requires, is entitled, directly or indirectly, to appoint a majority of the board of directors, board of managers or comparable body of such Person.

"**Surviving Corporation**" is defined in Section 2.1.

"**Target Adjusted Working Capital**" means an amount equal to Zero Dollars ($0).

"**Taxes**" means (i) all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, customs duties, fees, assessments and charges of any kind whatsoever, and (ii) any interest, penalties, fines, additions to tax or additional amounts imposed by any Taxing Authority in connection with any item described in clause (i).

"**Taxing Authority**" means the IRS and any other Governmental Body responsible for the administration of any Tax.

"**Tax Claim**" is defined in Section 6.8(c).

"**Tax Contest**" is defined in Section 6.8(b).

"**Tax Period**" means any period prescribed by any Taxing Authority for which a Tax Return is required to be filed or a Tax is required to be paid.

"**Tax Return**" means any return, report or statement required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof) including any information return, claim for refund, amended return or declaration of estimated Tax, including Form TD F 90-22.1, and including, where permitted or required, combined, consolidated or unitary returns for any group of entities that includes the Company or any of their Affiliates.

"**Termination Date**" is defined in Section 9.1(a).

"**Third Party**" means any Person other than PDI, Parent, Merger Sub, the Company, the Equityholder Representative, or an Affiliate of any of the foregoing.

"**Third Party Claim**" means any Claim asserted by a Third Party that is based on facts, events or circumstances that would result or would reasonably be likely to result in an Indemnified Party incurring a Loss which, assuming such Claim is bona fide, would be or would reasonably be likely to be an indemnifiable Losses under Article VIII.

"**Threshold**" is defined in Section 8.4(a).

"**Trademarks**" is defined in Section 4.13(a).

"**Transactions**" is defined in Section 2.2.

"**Transfer Taxes**" is defined in Section 6.8(d).

"**Unpaid Company Transaction Expenses**" means, except as otherwise expressly set forth in this Agreement, the aggregate amount of all documented out-of-pocket fees and expenses, reasonably incurred by or on behalf of and paid or to be paid by, the Company in connection with the process of consummating the Merger or otherwise relating to the negotiation, preparation or execution of this Agreement or any documents or agreements contemplated hereby or the performance or consummation of the Transactions, including (a) any transaction or other change of control bonuses (but excluding a pro-rated amount of performance bonuses that are accrued or awarded for calendar year 2014 prior to the Closing Date by the Company (such pro-rated amount beginning on the Business Day immediately following the Closing Date and ending on December 31, 2014), which are assumed by the Surviving Corporation and shall not be calculated as part of Adjusted Working Capital), (b) any fees and expenses associated with obtaining necessary or appropriate waivers, Consents or approvals of any Governmental Body or third parties on behalf of the Company at any time on or prior to the Closing, and (c) fees and expenses of counsel, accountants, and auditors; provided that, the definition of "Unpaid Company Transaction Expenses" shall not include any such fees, expenses, bonuses or payments that have been or are paid by the Company at or prior to the Closing.

"**WARN**" is defined in Section 4.16(e).

"**Working Capital**" means certain assets of the Company minus certain liabilities of the Company, each as set forth on Exhibit F and calculated in accordance with GAAP except as specified otherwise on Exhibit F.

"**Written Consent**" is defined in the Recitals.

1.2 Other Definitional and Interpretive Matters.

(a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

Dollars. Any reference in this Agreement to $ shall mean U.S. dollars.

Exhibits/Schedules. The Exhibits and Schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement. Each Exhibit and Schedule attached hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall be defined as set forth in this Agreement. The Schedules are numbered to correspond to the various Sections and subsections of this Agreement setting forth certain exceptions to the representations and warranties contained in this Agreement and certain other information called for by this Agreement.

Gender and Number. Any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa.

Headings. The provision of a Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified.

Herein. The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires.

Including. The word "including" or any variation thereof means "including, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(b) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

ARTICLE II
THE MERGER

2.1 The Merger. At the Effective Time, and subject to and upon the terms and conditions of this Agreement and the provisions of the DGCL, Merger Sub shall be merged with and into the Company, the separate corporate existence of Merger Sub shall cease, and the Company shall continue as the surviving corporation and as a wholly-owned subsidiary of Parent and the separate existence of Merger Sub shall cease. The surviving corporation after the Merger is sometimes referred to herein as the "**Surviving Corporation**." At the Effective Time, "Interpace Diagnostics Corporation" shall be the name of the Surviving Corporation.

2.2 Closing and Effective Time. Subject to the terms and conditions set forth in this Agreement, the consummation (the "**Closing**") of the Merger and the other transactions contemplated by this Agreement and the Related Documents (collectively, the "**Transactions**") will take place as promptly as practicable, but no later than three (3) Business Days, following the satisfaction or waiver of the conditions set forth in Article VII (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), remotely via the exchange of documents and signatures, unless another place or time is agreed to by Parent and the Company. The date upon which the Closing occurs is herein referred to as the "**Closing Date**." On the Closing Date, the parties hereto shall cause the Merger to be consummated by filing a properly completed and executed Certificate of Merger satisfying the requirements of the DGCL (the "**Certificate of Merger**") with the Secretary of State of the State of Delaware in

accordance with the relevant provisions of the DGCL (the time of acceptance by the Secretary of State of the State of Delaware of such filing being referred to herein as the "**Effective Time**").

2.3 Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in this Agreement and the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all rights and property of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts and liabilities of the Company and Merger Sub shall become debts and liabilities of the Surviving Corporation.

2.4 Certificate of Incorporation; Bylaws.

(a) At the Effective Time, the Certificate of Incorporation of the Surviving Corporation shall be amended and restated in its entirety in the form set forth on Exhibit B until thereafter amended as provided by applicable Law and such Certificate of Incorporation.

(b) At the Effective Time, the Bylaws of Merger Sub shall become the Bylaws of the Surviving Corporation until thereafter amended.

2.5 Directors and Officers. The directors of Merger Sub immediately prior to the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation, and the officers of Merger Sub immediately prior to the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation, in each case until their respective successors shall have been duly elected, designated or qualified, or until their earlier death, resignation or removal in accordance with the Surviving Corporation's certificate of incorporation and bylaws. Prior to the Effective Time, the Company shall cause each member of the Board to execute and deliver a letter effectuating his or her resignation as a director of the Company upon the Effective Time.

2.6 Merger Consideration; Effect on Company Capital Stock; Merger Sub Capital Stock.

(a) Merger Consideration. The maximum aggregate consideration in the Merger, payable or issuable, as applicable, by PDI, Parent and Merger Sub in accordance with terms and conditions set forth in this Agreement, including those set forth in Article III, to the Equityholders shall be: (i) Twelve Million Dollars ($12,000,000) in cash, subject to adjustment as set forth in Section 3.4 below, plus (ii) the Future Payments (collectively, the "**Merger Consideration**").

(b) Effect on Company Capital Stock and Convertible Notes. At the Effective Time, by virtue of the Merger and without any action on the part of PDI, Parent, Merger Sub, the Company or the Equityholders, each share of Company Common Stock, each share of Company Preferred Stock issued and outstanding immediately prior to the Effective Time (other than any Dissenting Shares) and each Convertible Note shall be converted into the right to receive its applicable portion of the Merger Consideration in each case, in amounts equal to the amounts contemplated by the provisions of the Convertible Notes and the Company's governing documents, as in effect immediately prior to the Effective Time, governing distributions to Stockholders upon a liquidation of Company, upon the terms and subject to the conditions set forth in this Agreement,

including the indemnification provisions set forth in Article VIII. In addition, by virtue of the Merger and without any action on the part of PDI, Parent, Merger Sub or the Company, upon execution and delivery of Letters of Transmittal by holders of Convertible Notes representing more than seventy-five percent (75%) of the outstanding principal balance of all Convertible Notes, each Convertible Note shall be cancelled and terminated and converted into the right to receive its applicable portion of the Merger Consideration in each case in amounts equal to the amounts contemplated by the provisions of the Convertible Notes as in effect immediately prior to the Effective time upon the terms and subject to the conditions set forth in this Agreement, including the indemnification provisions set forth in Article III.

(c) Capital Stock of Merger Sub. At the Effective Time, by virtue of the Merger and without any action on the part of PDI, Parent, Merger Sub, the Company or the Equityholders, each share of common stock of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and exchanged for one validly issued, fully paid and non-assessable share of common stock of the Surviving Corporation. From and after the Effective Time, all shares of Company Capital Stock shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate (a "**Certificate**") or book-entry share (a "**Book-Entry Share**") representing any such Shares shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration therefor, without interest thereon, upon the surrender of such Certificate or Book-Entry Share in accordance with Section 3.3.

(d) No Further Ownership Rights in Company Capital Stock. The Initial Merger Consideration paid to the Equityholder Representative (together with the rights to receive additional consideration pursuant to this Agreement, the Subordinated Note or the Contingent Consideration Agreement) upon the surrender for exchange of shares of Company Capital Stock and the Convertible Notes in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to such shares of Company Capital Stock and Convertible Notes, respectively, and there shall be no further registration of transfers on the records of the Surviving Corporation of shares of Company Capital Stock or Convertible Notes that were outstanding immediately prior to the Effective Time. If, after the Effective Time, any stock certificates or Convertible Notes are presented to the Surviving Corporation for any reason, they shall be cancelled as provided in this Article II.

ARTICLE III

MERGER CONSIDERATION; FUTURE PAYMENTS; ADJUSTMENTS

3.1 Initial Merger Consideration. Subject to adjustment as provided in Section 3.4, the portion of the Merger Consideration to be delivered at the Closing by PDI and Parent to the Equityholder Representative for distribution to the Equityholders, shall be an amount in cash, in immediately available funds, equal to the sum of:

(a) Twelve Million Dollars ($12,000,000) (the "**Initial Cash Purchase Price**"); plus

(b) the Closing Adjusted Working Capital (which number may be negative).

The amount payable to the Equityholder Representative for distribution to the Equityholders pursuant to this Section 3.1 shall be referred to as the "**Initial Merger Consideration**." Upon payment of the Initial Merger Consideration and delivery of the Subordinated Note, PDI, Parent, Merger Sub and the Surviving Corporation shall be fully released and discharged of any obligation with respect to any Equityholder, except for Future Payments (including payments and other obligations under the Subordinated Note and the Security Documents), obligations under Section 3.4, indemnification obligations under Article VIII, if any, and covenants and agreements of PDI, Parent, Merger Sub and the Surviving Corporation that survive the Effective Time, including, without limitation obligations, covenants and agreements under the Contingent Consideration Agreement, the Subordinated Note, the Subordination Agreement and the Security Documents.

3.2 Milestones and Royalties. PDI or Parent (as applicable) shall deliver the Future Payments on the terms and subject to the conditions of the Contingent Consideration Agreement in substantially the form attached hereto as Exhibit C (the "**Contingent Consideration Agreement**").

3.3 Payment of Merger Consideration.

(a) Initial Payment.

(i) Not later than two (2) Business Days prior to the Closing Date, the Company shall provide Parent and the Equityholder Representative with a payment schedule (the "**Initial Payment Allocation Schedule**") which sets forth an illustrative allocation of the Initial Merger Consideration payable at the Closing among the Equityholders. The Initial Payment Allocation Schedule has been (and any update thereof will be), prepared by the Company in accordance with the Certificate of Incorporation of the Company, the terms and conditions of this Agreement, the terms and conditions of any Convertible Note and all agreements related thereto, each as in effect immediately prior to the Closing.

(ii) As soon as practicable following the execution of this Agreement, the Company shall deliver to each Stockholder and holder of Convertible Notes a Letter of Transmittal in substantially the form attached hereto as Exhibit D (each, a "**Letter of Transmittal**"). Following the receipt by the Equityholder Representative of a duly completed and executed Letter of Transmittal from a Stockholder or holder of Convertible Notes in form and substance reasonably acceptable to Parent relating to the Company Capital Stock cancelled by such Letter of Transmittal together with (A) the surrender of the certificates relating to the Company Capital Stock, or Convertible Note relating to any outstanding balance, cancelled by such Letter of Transmittal or (B) an affidavit of lost stock certificate in form and substance reasonably acceptable to Parent relating to the Company Capital Stock cancelled by such Letter of Transmittal, but in no event later than three (3) Business Days following receipt by Equityholder Representative of such Letter of Transmittal (provided that no such payment shall be due prior to the Effective Time), the Equityholder Representative shall deliver to such Stockholder or holder of Convertible Notes and such Stockholder or holder of Convertible Notes shall be entitled to receive, in exchange therefore, such portion of the Merger Consideration to which such Stockholder or holder of Convertible Notes is entitled in accordance with the Initial Payment Allocation Schedule and any Future Payment

Allocation Schedule relating to the Shares or outstanding balance which are the subject of such Letter of Transmittal.

(iii) Simultaneously with the Closing, PDI or Parent will deliver (or caused to be delivered) to the Equityholder Representative, for the benefit of and for distribution to the Equityholders, the Initial Merger Consideration, as adjusted pursuant to this Article III.

For purposes of clarity, the aggregate amount payable to the Equityholder Representative for distribution to the Equityholders at the Closing shall not exceed the Initial Merger Consideration, as adjusted pursuant to this Article III.

(b) Future Payments. Not later than two (2) Business Days prior to the Closing Date, the Company shall provide Parent and the Equityholder Representative with a draft payment schedule (the "**Future Payment Allocation Schedule**") which sets forth an illustrative allocation of each Future Payment among the Equityholders. The Future Payment Allocation Schedule delivered prior to Closing shall be (and any update thereof will be), prepared by the Company in accordance with the Certificate of Incorporation of the Company, the terms and conditions of this Agreement, the terms and conditions of any Convertible Note and all agreements related thereto, each as in effect immediately prior to the Closing. As soon as practicable following the earlier of (i) thirty (30) days prior to the date that the first payment is due under the Subordinated Note, or (ii) the occurrence of an event triggering payment pursuant to the terms and conditions of the Contingent Consideration Agreement, the Equityholder Representative shall deliver an updated Future Payment Allocation Schedule to PDI and Parent, substantially similar in form to the initial Future Payment Allocation Schedule, which sets forth an updated calculation and allocation of each Future Payment. Each Future Payment Allocation Schedule will be prepared in accordance with the provisions of the Certificate of Incorporation of the Company, the terms and conditions of this Agreement, the terms and conditions of the Convertible Notes and all agreements related thereto, each as in effect immediately prior to the Closing. At such time as each Future Payment is due and payable pursuant to the terms and conditions of the Contingent Consideration Agreement and the Future Payment Allocation Schedule that is applicable to such Future Payment has been delivered, PDI or Parent (as applicable) shall deliver such Future Payment to the Equityholder Representative for distribution to the Equityholders in accordance with such Future Payment Allocation Schedule. Upon payment of each Future Payment, PDI, Parent, Merger Sub and the Surviving Corporation shall be fully released and discharged of any obligation to any Equityholder with respect to such Future Payment, except for remaining Future Payments (including payments and other obligations under the Subordinated Note and the Security Documents), if any, indemnification obligations under Article VIII, if any, and covenants and agreements of PDI, Parent, Merger Sub and the Surviving Corporation that survive the Effective Time, including, without limitation obligations, covenants and agreements under the Contingent Consideration Agreement, the Subordinated Note, the Subordination Agreement and the Security Documents. The Equityholder Representative shall have the right to update and modify the Future Payment Allocation Schedule from time to time to take into account Future Payments that are made pursuant to the terms of this Agreement or claims for indemnification pursuant to Article VIII of this Agreement, provided that any such amended Future Payment Allocation Schedule shall be

prepared by the Equityholder Representative in accordance with the Certificate of Incorporation of the Company, the terms and conditions of this Agreement, the terms and conditions of any Convertible Note and all agreements related thereto, each as in effect immediately prior to the Closing.

For purposes of clarity, the aggregate amount payable to the Equityholder Representative for distribution to the Equityholders for Future Payments shall not exceed the Merger Consideration minus the Initial Merger Consideration, as adjusted pursuant to this Article III and subject to the terms and conditions of the Subordinated Note and the Contingent Consideration Agreement. Any PDI Common Stock to be delivered pursuant to the Contingent Consideration Agreement shall be issued by PDI in accordance with the directions of the Equityholder Representative, which direction shall be consistent with the Future Payment Allocation Schedule and shall be based upon PDI Common Stock Market Value.

3.4 Initial Purchase Price Adjustment.

(a) Closing Date Purchase Price Adjustment. Not later than two (2) Business Days prior to the Closing Date, the Company shall provide Parent with (i) a good faith written estimate of the Adjusted Working Capital as of the Closing Date (the "**Estimated Adjusted Working Capital**"), which shall be in a form reasonably acceptable to Parent. Except as otherwise stated therein, the Estimated Adjusted Working Capital shall be prepared by the Company in accordance with GAAP and the methodologies set forth on Schedule 3.4(a). By agreeing to consummate the Transactions on the Closing Date, Parent shall not be deemed to have accepted the Company's determination of the Estimated Adjusted Working Capital, and the parties agree that the Estimated Adjusted Working Capital shall be adjusted after the Closing in accordance with the procedures set forth in Section 3.4(b). To the extent that the Closing Adjusted Working Capital is a positive number, the Initial Cash Purchase Price shall be increased by such amount. To the extent that the Closing Adjusted Working Capital is a negative number, the Initial Cash Purchase Price shall be decreased by such amount.

(b) Post-Closing Date Purchase Price Adjustment.

(i) Following the Closing, the Initial Cash Purchase Price shall be adjusted as provided herein to reflect the difference between the amount of Actual Adjusted Working Capital and the Estimated Adjusted Working Capital.

(ii) Within ninety (90) days following the Closing Date, Parent shall deliver to the Equityholder Representative a statement containing a calculation of the actual Adjusted Working Capital as of the Closing Date (the "**Actual Adjusted Working Capital**" and such statement, the "**Closing Date Adjusted Working Capital Statement**"), which shall be prepared by Parent consistent with the preparation of the statement of Estimated Adjusted Working Capital.

(iii) Acceptance of Statements; Dispute Procedures. The Closing Date Adjusted Working Capital Statement delivered by Parent to the Equityholder Representative shall be conclusive and binding upon the parties unless the Equityholder Representative, within thirty (30) days after receipt by the Equityholder Representative of the Closing Date Adjusted Working

Capital Statement notifies Parent in writing that the Equityholder Representative disputes any of the amounts set forth therein, specifying the nature of the dispute and the basis therefor. During such thirty (30) day period, the Equityholder Representative and its advisors, designees and/or agents shall be given reasonable access to the books, records and other data of Parent and the Surviving Corporation necessary for the purpose of reviewing Parent's Closing Date Adjusted Working Capital Statement and reasonable access to the personnel of Parent and the Surviving Corporation to consult as to the procedures and determinations made by the Surviving Corporation in Parent's Closing Date Adjusted Working Capital Statement. The parties shall in good faith attempt to resolve any dispute and, if the parties so resolve all disputes, the Closing Date Adjusted Working Capital Statement, as amended to the extent necessary to reflect the resolution of the dispute, shall be conclusive and binding on the parties. If the parties do not reach agreement in resolving the dispute within twenty (20) days after notice is given by the Equityholder Representative to Parent pursuant to the first sentence of this Section 3.4(b)(iii) (or such longer period as the parties may agree), the parties shall submit the dispute to a nationally recognized independent accounting firm which is not the regular accounting firm for any of the parties and which is mutually agreeable to all of the parties (the "**Arbiter**") for resolution. If the parties cannot agree on the selection of an independent accounting firm to act as Arbiter, the parties shall request the American Arbitration Association to appoint such firm, and such appointment shall be conclusive and binding on the parties. The parties shall cooperate fully with the Arbiter, including providing the Arbitrator with access to, and copies of, all books and records that the Arbiter reasonably requests. The determination of the Arbiter shall be conclusive and binding upon the parties. The parties shall request that the Arbiter use its commercially reasonable efforts to reach a resolution (it being understood that the Arbiter shall be functioning as an expert and not as an arbitrator) of the dispute as to the computation of the Actual Adjusted Working Capital and render a written report with respect to such findings within thirty (30) calendar days after the submission to the Arbiter. In resolving any disputed item, the Arbiter (x) shall be bound by the provisions of this Section 3.4 and (y) may not assign a value to any item greater than the greatest value for such items claimed by either party or less than the smallest value for such items claimed by either party. Subject to the provisions set forth further below in this Section 3.4(b)(iii), the fees, costs and expenses of the Arbiter shall be allocated to and borne by Parent and the Equityholders based on the inverse of the percentage that the Arbiter's determination (before such allocation) bears to the total amount of the total items in dispute as originally submitted to the Arbiter. For example, should the items in dispute total in amount to one thousand dollars ($1,000) and the Arbiter awards Six Hundred dollars ($600) in favor of the Equityholders' position, sixty percent (60%) of the costs of its review would be borne by Parent and forty percent (40%) of the costs would be borne by the Equityholders. Parent shall pay for any and all fees, costs and expenses of the Arbiter that are to be borne by the Equityholders in accordance with the preceding two sentences, and Parent shall be entitled to reimbursement of any such fees, costs and expenses paid by Parent that are to be borne by the Equityholders.

(iv) Payment of Adjustments. Upon final determination of the Actual Adjusted Working Capital as provided in Section 3.4(b)(iii) above (A) if the Actual Adjusted Working Capital is greater than the Estimated Adjusted Working Capital (an "**Adjusted Working Capital Excess**"), the Initial Cash Purchase Price shall be increased by the Adjusted Working Capital Excess and Parent shall pay promptly, but no later than ten (10) Business Days after such final determination, the Adjusted Working Capital Excess to the Equityholder

Representative for distribution to the Equityholders based on the percentages set forth on the Initial Payment Allocation Schedule, and (B) if the Actual Adjusted Working Capital is less than Estimated Adjusted Working Capital (an "**Adjusted Working Capital Shortfall**"), the Company, Parent and Equityholder Representative shall promptly, but no later than ten (10) Business Days after such final determination enter into an amendment to the Subordinated Note to reduce the principal balance of the Subordinated Note in an amount equal to the Adjusted Working Capital Shortfall and reduce each of the amortizing payments to be made pursuant to the Subordinated Note by one-eighth ($1/8^{th}$) of the Adjusted Working Capital Shortfall.

3.5 Company Options; Company Option Plans.

(a) Not later than immediately before the Closing, the Board (or, if appropriate, any committee thereof), shall adopt such resolutions or take such other actions, including without limitation complying with Section 3.5(b), as may be required to provide that, effective as of the Closing and subject to Section 3.6: (i) each Company Option that remains outstanding and unexercised immediately prior to the Closing, whether or not such Company Option is then exercisable or vested, shall be cancelled and (ii) the Company's 2004 Stock Option Plan and 2008 Stock Option Plan (together, the "**Company Option Plans**") shall terminate and all rights under the Company Option Plans shall be cancelled. The Board (or, if appropriate, any committee thereof) will take all requisite action to ensure compliance with and the taking of all actions set forth herein in accordance with the Company Option Plans, including providing any necessary notices and obtaining any necessary consents from holders of Company Options.

(b) As soon as practicable following the execution of this Agreement and continuing after the Closing Date, the Company shall deliver to each holder of a Company Option an option cancellation agreement and release document substantially in the form attached hereto as Exhibit E (an "**Option Cancellation Agreement**") describing the treatment of such Company Option pursuant to this Section 3.5, which shall include such holder executing a written (i) waiver of liability as to the allocation or distribution of any consideration to be received by any Equityholder pursuant to this Agreement, and (ii) consent to and a release of all liability with respect to the cancellation of all Company Options held by such holder.

3.6 Withholding. Each of Parent and the Surviving Corporation shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any Equityholder such amounts as it is required to deduct and withhold under the Code, or any Tax Laws, with respect to the making of such payment. To the extent that amounts are so withheld by Parent or the Surviving Corporation, as the case may be, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Equityholders in respect of whom such deduction and withholding was made by Parent or the Surviving Corporation, as the case may be.

3.7 Dissenting Shares.

(a) Notwithstanding any provision of this Agreement to the contrary, any shares of Company Capital Stock held by a Stockholder who demands and perfects appraisal or dissenters' rights for such shares in accordance with the DGCL and who, as of the Effective Time, has not

effectively withdrawn or lost such appraisal or dissenters' rights (collectively, " **Dissenting Shares**"), shall not be converted into or represent the right to receive any portion of the Merger Consideration pursuant to Section 2.6(b), but the holder thereof shall only be entitled to such rights as are granted by the DGCL.

(b) If any Stockholder who holds Dissenting Shares as of the Effective Time effectively withdraws or loses (through passage of time, failure to demand or perfect, or otherwise) the right to demand and perfect appraisal or dissenters' rights under the DGCL, then, as of the later of the Effective Time and the occurrence of such event, such holder's shares that were Dissenting Shares shall automatically be converted into and represent only the right to receive a portion of the Merger Consideration, if applicable, pursuant to and subject Section 2.6(b) (subject to the indemnification provisions set forth in Article VIII) without interest thereon.

(c) The Company shall give Parent prompt written notice of any demands for appraisal of any shares of Company Capital Stock pursuant to the exercise of appraisal or dissenters' rights, withdrawals of such demands, and any other instruments or notices served pursuant to the DGCL on the Company.

3.8 Limitation of PDI Common Stock; Exemption from Registration . In no event shall PDI be required to cause to be delivered, and the Equityholders shall not be entitled to receive, more than One Million (1,000,000) shares of PDI Common Stock pursuant to the terms and conditions of this Agreement and the Related Documents. The PDI Common Stock to be issued pursuant to the terms and conditions of this Agreement and the Related Documents shall be issued in a transaction exempt from registration under the Securities Act and may not be re-offered or resold other than in conformity with the registration requirements of the Securities Act and such other laws or pursuant to an exemption therefrom, including Rule 144 promulgated under the Securities Act; provided, however, that no shares of PDI Common Stock shall be issued by PDI to an Equityholder unless such Equityholder provides a certification satisfactory to PDI (in its reasonable discretion) that such Equityholder is an Accredited Investor. The certificates issued by PDI with respect to the PDI Common Stock issued hereunder shall be legended to the effect described above and shall include such additional legends as necessary to comply with applicable U.S. federal securities laws and Blue Sky laws. At such time as the PDI Common Stock issued pursuant to the terms and conditions of this Agreement is eligible for resale by the Equityholders pursuant to Rule 144 (or any successor rule then in effect) promulgated under the Securities Act without restriction thereunder, PDI shall use commercially reasonable efforts to provide information and opinions necessary to facilitate a sale by the sellers pursuant to Rule 144, including the removal of any legends that restrict such sale; provided that PDI receives certifications satisfactory to PDI (in its reasonable discretion) that support the removal of such legends that restrict such sale. The Equityholder Representative shall use commercially reasonable efforts to cause all Equityholders to execute such documents as PDI may determine to be necessary to ensure that the PDI Common Stock to be issued pursuant to the terms and conditions of this Agreement and the Related Documents are issued in a transaction exempt from registration under the Securities Act.

3.9 Survival of Payment Obligations. Subject to Section 10.9, PDI's, Surviving Corporation's and Parent's payment obligations set forth in this Article III shall survive the Closing. In the event PDI, Parent or the Surviving Corporation or any of its successors (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, (A) proper provision shall be made to the extent not otherwise effected by operation of law so that the successors of PDI, Parent or the Surviving Corporation, as the case may be, assume the payment obligations of PDI, Parent or the Surviving Corporation, as the case may be, set forth in the Contingent Consideration Agreement, and (B) if such event occurs within 18 months of the Closing Date, PDI, Parent and the Surviving Corporation agree that any Future Payments that are contemplated to be paid in PDI Common Stock that have not previously been paid shall be deemed earned as of the date of such transaction and PDI shall immediately issue such shares of PDI Common Stock in accordance with the terms of Section 3.8.

3.10 Closure Stock Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and thereafter there shall be no transfers of any Company Capital Stock. Any Stockholder who has not exchanged Company Capital Stock for the applicable portion of the Merger Consideration in accordance with this Agreement thereafter will look only to the Equityholder Representative for payment of the applicable portion of the Merger Consideration in respect thereof. Neither PDI, Parent, the Equityholder Representative, nor the Company shall be liable to any Stockholder for cash from the Merger Consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES RELATING TO THE BUSINESS

Except as set forth in the disclosure letter delivered by the Company to Parent on the date hereof (the " **Company Schedules**") and subject to the provisions of Section 1.2(a) and Section 6.9, the Company hereby represents and warrants to PDI and Parent as of the date hereof and as of the Closing (unless otherwise provided in this Article IV) that:

4.1 Organization and Good Standing. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted and as currently proposed to be conducted. The Company is duly qualified or authorized to do business as a foreign corporation and is in good standing under the laws of each jurisdiction in which it owns or leases real property and each other jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization, except where the failure to be so qualified, authorized or in good standing would not have, or reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

4.2 Authorization of Agreement. The Company has all requisite power, authority and legal capacity to execute and deliver this Agreement and each other agreement, document, or instrument or certificate contemplated by this Agreement or to be executed by the Company in connection with the Transactions (the "**Company Documents**"), to perform its obligations hereunder and thereunder and to consummate the Transactions. Other than obtaining the Stockholder Approval, the execution, delivery and performance of this Agreement and each of the Company Documents and the consummation of the Transactions have been duly authorized and approved by all required corporate action on the part of the Company, including the approval of its Stockholders, which approval includes approval of: (i) the indemnification obligations of the Equityholders set forth in this Agreement, and (ii) the appointment of RedPath Equityholder Representative, LLC as the Equityholder Representative, with the rights and responsibilities set forth in this Agreement. No other proceedings on the part of the Company and the Stockholders are necessary to authorize this Agreement and the Company Documents and the Transactions, other than obtaining the Stockholder Approval. This Agreement has been, and each of the Company Documents will be at or prior to the Closing, duly and validly executed and delivered by the Company and (assuming due authorization, execution and delivery by PDI, Parent and Merger Sub) this Agreement constitutes, and each of the Company Documents when so executed and delivered will constitute, legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except to the extent that enforceability may be subject to, and limited by the effect of any Enforceability Exceptions.

4.3 Conflicts; Consents of Third Parties.

(a) Except as set forth on Schedule 4.3(a), none of the execution and delivery by the Company of this Agreement or the Company Documents, the consummation of the Transactions, or compliance by the Company with any of the provisions hereof or thereof will conflict with, or result in any Default under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a benefit under, or give rise to any obligation of the Company to make any payment under, or to the increased, additional, accelerated or guaranteed rights or entitlements of any Person under, or result in the creation of any Liens upon any of the properties or material assets of Company under, any provision of (i) the certificate of incorporation and bylaws or comparable organizational documents of the Company; (ii) any Material Contract or Permit to which the Company is a party or by which any of the properties or assets of the Company is bound; (iii) any Order applicable to the Company or any of the properties or assets of the Company; or (iv) any applicable Law, except with respect to clauses (ii) through (iv), as would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect or to prevent, impair or delay the ability of the parties hereto to consummate the Transactions.

(b) Except as set forth on Schedule 4.3(b), no Consent is required on the part of the Company in connection with (i) the execution and delivery of this Agreement, the Company Documents, respectively, the compliance by the Company with any of the provisions hereof and thereof, or the consummation of the Transactions, or (ii) the continuing validity and effectiveness immediately following the Closing of any Permit or Contract of the Company, except for such Consents that would not, individually or in the aggregate, reasonably be expected to be material to

the Company and to prevent, impair or delay, in any material respect, the ability of the parties hereto to consummate the Transactions.

4.4 Capitalization of the Company.

(a) The authorized capital stock of the Company consists of 4,550,000 shares of Company Common Stock and 5,600,000 shares of Company Preferred Stock, (i) 1,300,000 of which are designated as Series A Convertible Participating Preferred Stock, and (ii) 1,550,000 of which are designated as Series B Convertible Participating Preferred Stock. As of the date hereof, there are 810,933 shares of Company Common Stock issued and outstanding, 1,137,335 shares of Series A Convertible Participating Preferred Stock are issued and outstanding and 768,640 shares of Series B Convertible Participating Preferred Stock are issued and outstanding. All of the issued and outstanding shares of Company Common Stock and Company Preferred Stock (i) were duly authorized for issuance and are validly issued, fully paid and non-assessable, (ii) were not issued in violation of any purchase or call option, right of first refusal, subscription right, preemptive right or any similar rights and (iii) were issued in compliance with all applicable federal and state securities Laws. All of the outstanding shares of Company Common Stock and Company Preferred Stock are owned of record by the holders and in the respective amounts as are set forth on Schedule 4.4(a) and were not issued or acquired in violation of any Law or agreement.

(b) Schedule 4.4(b) sets forth a list of the holders of options to purchase shares of Company Common Stock (" **Company Options**") and the respective number of shares of Company Common Stock subject to each outstanding Company Option, and the applicable exercise price, expiration date and vesting date. The Company has taken all action necessary to cancel all Company Options and terminate the Option Plans as of or immediately prior to the Closing. Except for the Company Preferred Stock, Company Options, the warrants described in Schedule 4.4(b) and the Convertible Notes, there is no existing option, warrant, call, right or Contract to which any Stockholder or the Company is a party requiring, and there are no securities of the Company outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any Company Capital Stock or other equity securities of the Company or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase shares of capital stock or other equity securities of the Company. Except as set forth in Schedule 4.4(b), there are no obligations, contingent or otherwise, of the Company to (i) repurchase, redeem or otherwise acquire any shares of the capital stock of the Company, or (ii) provide material funds to, or make any material investment in (in the form of a loan, capital contribution or otherwise), or provide any guarantee with respect to the obligations of, any Person. Except as set forth on Schedule 4.4(b), there are no outstanding stock appreciation, phantom stock, profit participation or similar rights with respect to the Company. Except as set forth in Schedule 4.4(b), there are no bonds, debentures, notes or other indebtedness of the Company having the right to vote or consent (or, convertible into, or exchangeable for, securities having the right to vote or consent) on any matters on which stockholders (or other equityholders) of the Company may vote. Except as set forth in Schedule 4.4(b), there are no voting trusts, irrevocable proxies or other Contracts or understandings to which the Company or any Stockholder is a party or is bound with respect to the voting or consent of any shares of Company Common Stock.

(e) The Initial Payment Allocation Schedule (and any updates thereof) does and will set forth a correct and complete list of each Equityholder and the payments to which each such Person is entitled at the Closing. The Initial Payment Allocation Schedule provides for allocation of the Initial Purchase Price among the Equityholders in accordance with the provisions of the Convertible Notes, the Certificate of Incorporation of the Company, the bylaws of the Company, the Company Option Plans and all agreements relating thereto, each as in effect immediately prior to the Closing. Each Future Payment Allocation Schedule in respect of any Future Payment will (i) be a true, correct and complete list of each Equityholder and the payments to which each such Person is entitled at such time and (ii) provide for allocation of the applicable Future Payment among the Equityholders in accordance with the provisions of the Certificate of Incorporation of the Company, the bylaws of the Company, the Convertible Notes issued by the Company and all agreements relating thereto, each as in effect immediately prior to the Closing, and subject to any expressly permitted adjustment to such allocation pursuant to, and in accordance with, the provisions of this Agreement as in effect at the time of payment of such Future Payment. Each of the holders of the Convertible Notes issued by the Company shall not be entitled to any rights or consideration with respect to such Convertible Notes except as set forth in this Agreement, the Contingent Consideration Agreement and any Future Payment Allocation Schedules.

4.5 Subsidiaries; Equity Investments. The Company does not own or control, directly or indirectly, or have the power to vote the shares of, any capital stock or other ownership interests of any Person.

4.6 Corporate Records.

(a) The Company has delivered to Parent true, correct and complete copies of the Certificates of Incorporation (certified by the Secretary of State of the State of Delaware) and Bylaws of the Company, in each case as amended and in effect on the date hereof, including all amendments thereto.

(b) The minute books of the Company previously made available to Parent contain in all respects true, correct and complete records of all meetings and accurately reflect all corporate action of the Stockholders and Board (including committees thereof). The stock transfer ledgers of the Company previously made available to Parent are true, correct and complete in all respects. All stock transfer taxes levied, if any, or payable with respect to all transfers of shares of the Company prior to the date hereof have been paid and appropriate transfer tax stamps affixed.

4.7 Financial Statements.

(a) The Company has delivered to Parent copies of (i) the audited balance sheets of the Company as of December 31, 2012 and December 31, 2013 and the related statements of income and cash flows of the Company for the years then ended and (ii) the unaudited balance sheet of the Company as of September 30, 2014 and the related year-to-date statements of income and cash flows of the Company (such audited and unaudited statements are referred to herein as the "**Financial Statements**"), copies of which are attached to Schedule 4.7(a). Except as set forth in Schedule 4.7(a), each of the Financial Statements is complete and correct in all material respects, has been prepared in accordance with GAAP throughout the periods presented and presents fairly

in all material respects the consolidated financial position, results of operations and cash flows of the Company as of the dates and for the periods indicated therein (subject to, in the case of unaudited Financial Statements, normal audit adjustments, that are not material in scope or amount, and the absence of any footnotes thereto).

The audited balance sheet of the Company as of December 31, 2013, is referred to herein as the " **Balance Sheet**" and December 31, 2013 is referred to herein as the "**Balance Sheet Date**."

(b) All books, records and accounts of the Company are accurate and complete in all respects and are maintained in accordance with good business practice and all applicable Laws. The Company maintains systems of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit the preparation of financial statements in conformity with GAAP and to maintain accountability for assets.

(c) The Company does not have any "off-balance sheet arrangements" (as such term is defined in Item 303(a)(4) of Regulation S-K promulgated under the Securities and Exchange Act of 1934, as amended).

4.8 No Undisclosed Liabilities. The Company does not have any Liabilities other than those (i) specifically reflected on and fully reserved against in the Balance Sheet or the notes thereto, (ii) incurred in the Ordinary Course of Business since the Balance Sheet Date, (iii) incurred for legal, accounting, financial advising fees, filing fees and out-of-pocket expenses in connection with the Transactions, or (iv) that are disclosed on Schedule 4.8.

4.9 Absence of Certain Developments. Except as expressly contemplated by this Agreement or as set forth on Schedule 4.9, since the Balance Sheet Date (i) the Company has conducted its Business only in the Ordinary Course of Business, (ii) there has not been any event, change, occurrence or circumstance that, individually or in the aggregate with any such events, changes, occurrences or circumstances, has had or could reasonably be expected to have a Company Material Adverse Effect and (iii) the Company has not taken any action (or committed to take any action) that, if taken after the date hereof without the written consent of Parent, would constitute a breach of any of the covenants set forth in Section 6.2.

4.10 Taxes.

(a) The Company has timely filed all Tax Returns that it was required to file, and all such Tax Returns are complete and correct in all respects and were prepared in substantial compliance with applicable laws and regulations. The Company is not currently the beneficiary of any extension of time within which to file any Tax Return.

(b) The Company has (i) timely paid all Taxes due (whether or not shown on any Tax Return); and (ii) withheld and paid over all federal, state, local and foreign Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party. To the Knowledge of the Company, no claim has ever been made in writing by a Taxing Authority in a jurisdiction where

the Company does not file Tax Returns that the Company is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Permitted Exceptions) upon any asset of the Company.

(c) The Company (or any director or officer of the Company) has no Knowledge that any Taxing Authority will assess any additional Taxes for any period for which Tax Returns have been filed. No administrative or judicial Tax proceedings are pending or being contested with respect to the Company, and the Company has not received any notice of a Tax audit or other review, request for information related to Taxes, or deficiency or proposed adjustment for any amount of Tax. The Company has not executed any waiver of any statute of limitations on or extending the period for the assessment or collection of any Tax which waiver or extension is currently in effect. No issues have been raised by the relevant Taxing Authority in any completed audit or examination of the Company that are reasonably expected to result in a Liability on the part of the Company for a material amount of Taxes in a later Tax Period.

(d) The Company does not have any Liability for unpaid Taxes as of the dates of the Financial Statements that has not been properly reflected in the Financial Statements in conformity with GAAP.

(e) The Company has delivered to Parent complete and accurate copies of all federal, state and local Tax Returns filed with respect to the Company for taxable periods ended 2009 through 2013, and complete and accurate copies of all Tax audit or examination reports and statements of deficiencies assessed against or agreed to by the Company since January 1, 2009.

(f) The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a Pre-Closing Tax Period; (ii) closing agreement as defined in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign tax law) executed on or prior to the Closing Date; (iii) intercompany transaction or excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local or foreign tax law); (iv) installment sale or open transaction disposition made on or prior to the Closing Date; (v) prepaid amount received on or prior to the Closing Date; and (vi) an election under Section 108(i) of the Code.

(g) The Company has not been a party to a transaction that is a "listed transaction," as such term is defined in Section 6707A(c)(2) of the Code and Treasury Regulations Section 1.6011-4(b)(2).

(h) The Company has not been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which is the Company). The Company does not have (i) any Liability for the Taxes of any Person (other than Taxes of the Company) (A) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign Law), (B) as a transferee or successor, (C) by Contract, or (D) otherwise or (ii) been a party to, or bound by, any Tax indemnity agreement, Tax sharing agreement, Tax allocation agreement or similar Contract.

(i) The Company has not distributed stock of another Person, nor had its stock distributed by another Person in a transaction that was purported or intended to be governed in whole or in part by Section 355 of the Code.

(j) The Company is not, and has not been, a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(k) The Company does not own any debt or equity interest in any other Person.

(l) The Company has never had a permanent establishment or an office or fixed place of business in a country other than the United States.

(m) All transactions between the Company and any shareholder of Affiliate have been undertaken on arm's length terms.

(n) The Company has filed all income Tax Returns for the period ending December 31, 2013.

4.11 Real Property.

(a) The Company does not currently nor has it ever owned any real property.

(b) Schedule 4.11(b) sets forth a list of the Real Property Leases (including all modifications, amendments and supplements thereto). To the Knowledge of the Company, each Real Property Lease, a true and correct copy of which has been made available to Parent, is a valid and binding obligation of the Company, enforceable in accordance with its terms except as enforcement may be limited by Enforceability Exceptions. Neither the Company nor, to the Knowledge of the Company, any other party to such Real Property Lease is in default or breach under such Real Property Lease. The Company has not received any written notice from any Governmental Body asserting any violation or alleged violation of applicable Laws with respect to any Leased Real Property that remains uncured as of the date of this Agreement, and to the Knowledge of the Company, the Company is in compliance with any registration requirements and have paid any applicable stamp duties with respect to each Real Property Lease that are imposed by a Governmental Body as of the date of this Agreement.

(c) The real property set forth on Schedule 4.11(b) constitutes all of the real property utilized by the Company in the operation of the Business.

4.12 Tangible Personal Property.

(a) Except as set forth on Schedule 4.12(a), the Company has good and marketable title to all of items of tangible personal property used in the Business (except as sold or disposed of subsequent to the date thereof in the Ordinary Course of Business and not in violation of this Agreement), free and clear of any and all Liens, other than the Permitted Exceptions.

(b) To the Knowledge of the Company, the tangible personal property used in the Business (including equipment), taken as a whole, is in good working order and fit for its intended use, reasonable wear and tear excepted and, taken as a whole, is adequate to conduct the Business as currently conducted. Except as set forth on Schedule 4.12(b), the tangible personal property used in the Business consists of all of the material assets that are incremental or related to, or used in connection with, the operation of the Business. Except as set forth on Schedule 4.12(b), all of the material tangible personal property used in the Business is set forth in the Financial Statements. No current or former holder of Company Capital Stock has any rights to or interest in any tangible personal property set forth in the Financial Statements used in the Business (other than through his ownership of Company Capital Stock).

4.13 Intellectual Property.

(a) Schedule 4.13(a) sets forth a complete and correct list as of the Execution Date of all Patents, Trademarks or applications therefore and registered Copyrights owned or exclusively licensed to the Company including for each such item the application or registration number, applicable jurisdiction, application date, issue date (if applicable) and owner thereof (the "**Scheduled Company Intellectual Property**"). For purposes of this Agreement, the term "**Intellectual Property**" means (i) patents, patent applications (whether or not non-provisional, provisional or international) and similar instruments (including any and all substitutions, divisions, continuations, continuations-in-part, reissues, renewals, extensions, reexaminations, patents of addition, supplementary protection certificates, utility models, inventors' certificates or the like) and any foreign equivalents of the foregoing (including certificates of invention and any applications therefor) (collectively, "**Patents**") (ii) domestic and foreign copyrights, copyright registrations and copyright applications (collectively, "**Copyrights**"); (iii) trademarks, service marks, trade names, trade dress and domain names, including registrations and applications for registration therefor (collectively, "**Trademarks**"); (iv) trade secrets; (v) processes, formulae, methods, schematics, technology, discoveries, inventions, any biological, chemical, biochemical, toxicological, pharmacological and metabolic material and information and data relating thereto and formulation, clinical, analytical and stability information and data; know-how, original works of authorship fixed in any tangible medium of expression, including literary works and all forms of computer software programs and applications and (vi) other intangible proprietary or confidential information and materials.

(b) Other than with respect to unmodified, commercially available software products under standard end-user object code license agreements**,** to the extent the Company has been granted licenses to Patents owned by a third party, such licenses are Material Contracts and the Company has made available to Parent or Parent's legal advisor copies of all such licenses, including any amendments thereto.

(c) The execution and delivery of this Agreement by the Company and the consummation of the Transactions will not: (i) result in the breach of, or create on behalf of any third party the right to terminate or modify in any material respect, (x) any agreement relating to Company Intellectual Property or (y) any agreement as to which the Company is a party and pursuant to which the Company is authorized to use any Intellectual Property of any third party that is material

to the Business as currently conducted, excluding in each case generally commercially available, off-the-shelf software programs; (ii) result in or require the grant, assignment or transfer to any other Person of any license or other right or interest under, to or in any of the Company Intellectual Property; or (iii) cause a loss or impairment of any Company Intellectual Property.

(d) Except as set forth in Schedule 4.13(d), to the Knowledge of the Company, except for pending patent applications, all Scheduled Company Intellectual Property is subsisting, valid and enforceable and have not expired or been cancelled. To the Knowledge of the Company, (i) none of the Scheduled Company Intellectual Property has expired, been cancelled, allowed to lapse or abandoned, except as set forth in Schedule 4.13(d) and (ii) all maintenance and renewal fees necessary to preserve the material rights of the Company in connection with such Scheduled Company Intellectual Property have been paid. The Company has not received any written claim or notice from any Person advising that such Person is challenging or threatening to challenge the inventorship, ownership, use, validity or enforceability of any Scheduled Company Intellectual Property. There are no actions, suits, proceedings, or arbitrations, or, to the Knowledge of the Company, claims or investigations, pending with respect to the Scheduled Company Intellectual Property.

(e) No court has issued any order, judgment, decree or injunction restricting the operation of the Company on the basis of a conflict with or infringement of the patent rights of any Third Party.

(f) The Company is the exclusive owner of the Patents within the Scheduled Company Intellectual Property and the assignments that have been obtained with respect to such Patents are valid have been recorded (except as set forth in Schedule 4.13(f)) with the United States Patent and Trademark Office or such international equivalent, as appropriate.

(g) None of the Trademarks within the Scheduled Company Intellectual Property is involved in any litigation, cancellation, nullification, interference, concurrent use or opposition proceeding.

(h) To the extent the Company owns Patents within the Scheduled Company Intellectual Property, the Company owns such Patents free and clear of all encumbrances other than those listed on Schedule 4.13(h).

(i) The Company has not granted any licenses in or with respect to the Company Intellectual Property to any Third Party except for those listed on Schedule 4.13(i).

(j) There are no facts that, to the Knowledge of the Company, leads the Company to believe that any U.S. patents within the Scheduled Company Intellectual Property were not prosecuted, or any U.S. patent applications within the Scheduled Company Intellectual Property are not being prosecuted, in compliance with 37 C.F.R. §1.56.

(k) To the Knowledge of the Company, the practice of the Business does not infringe or misappropriate any valid Third Party's Intellectual Property.

(l) Since its incorporation, the Company has not received any written claim or notice from any Person (i) alleging infringement, violation or misappropriation of any Third Party's Intellectual Property or (ii) advising that such Person is challenging or threatening to challenge the ownership, use, validity or enforceability of any Scheduled Company Intellectual Property.

(m) The Company has implemented commercially reasonable measures to maintain the confidentiality of the Company Intellectual Property of a nature that the Company intends to keep confidential or the public disclosure of which would or would reasonably be likely to cause a Company Material Adverse Effect to the Company taken as a whole. Each past or present Employee and Contractor performing material activities related to the manufacture, use, sale, offer for sale or importation of material products marketed by or under development by the Company has entered into a proprietary information and confidentiality agreement, substantially in the Company's standard form applicable to Employees and Contractors, as the case may be. The Company has made available to Parent or Parent's legal advisor copies of such standard forms.

(n) Schedule 4.13(n) describes all instances in which the Company has received government funding and/or the Company has contracted for the use of facilities of a university, college, other educational institution or research center in the development of any Company Intellectual Property, where, as a result of such funding or the use of such facilities, the government or any university, college, other educational institution or research center has any rights in such Company Intellectual Property.

4.14 Material Contracts.

(a) Schedule 4.14(a) sets forth, by reference to the applicable subsection of this Section 4.14(a), all of the following Contracts to which the Company is a party or by which they or their respective assets or properties are bound (collectively, the "**Material Contracts**"):

(i) any Contract pursuant to which the Company spent or received, in the aggregate, more than Fifty Thousand Dollars ($50,000) with respect to any such agreement during the 2013 fiscal year;

(ii) any Contract pursuant to which the Company is reasonably likely to spend or receive, in the aggregate, more than Fifty Thousand Dollars ($50,000) with respect to any such agreement during the 2014 fiscal year or any subsequent fiscal year;

(iii) any non-competition, standstill or other Contract that prohibits or otherwise restricts the Company from freely engaging in business anywhere in the world;

(iv) any research and development project, manufacturing agreements or similar Contract or arrangement;

(v) any loan or credit agreement, indenture, mortgage, note or other Contract evidencing Indebtedness for money borrowed by the Company from a third party lender, and each contract pursuant to which any such Indebtedness for borrowed money is guaranteed by the Company;

(vi) any sales representative or distribution Contract;

(vii) any Contract relating to the acquisition, transfer, use, development, sharing or license of any technology or any Intellectual Property, other than (1) confidentiality agreements, (2) employment agreements, (3) consulting or advisory agreements, and (4) license agreements for off-the-shelf software licensed for an aggregate fee of not more than Ten Thousand Dollars ($10,000), in each case entered into in the Ordinary Course of Business;

(viii) any Contract (A) in which the Company has granted development rights, "most favored nation" pricing provisions or marketing or distribution rights relating to any product or product candidate or (B) in which the Company has agreed to purchase a minimum quantity of goods or supplies relating to any product or product candidate or has agreed to purchase goods or supplies relating to any product or product candidate exclusively from a certain party;

(ix) any Contract for the disposition of any significant portion of the assets, the Business (including any business unit or product line) or any Contract for the acquisition, directly or indirectly, of a material portion of the assets or business of any other person, in each case within the last three (3) years;

(x) any partnership, joint venture or other similar Contract;

(xi) any Contract with (A) any Affiliate of the Company, (B) any Person directly or indirectly owning, controlling or holding with power to vote any outstanding voting securities of the Company, (C) any Person whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by the Company or any of its Affiliates, or (D) any director or officer of the Company or any of its Affiliates or any "associates" or members of the "immediate family" (as such terms are respectively defined in Rule 12b-2 and Rule 16a-1 of the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**")) of any such director or officer (other than contracts relating to the employment or compensation of any employee);

(xii) any employment, severance, change in control or offer Contract between the Company and any employee or independent contractor (other than an offer letter or employment agreement that is terminable at will by the Company both without any penalty and without any obligation of the Company to pay severance);

(xiii) any Contract to which a Governmental Body is a party; and

(xiv) any Contracts that are otherwise material to the Company and which are not required to be disclosed by clauses (i) – (xiii) above.

(b) Except as set forth in Schedule 4.14(b), each of the Material Contracts is in full force and effect and is the legal, valid and binding obligation of the Company and, to the Knowledge of the Company, of the other parties thereto enforceable against each of them in accordance with its terms (except to the extent that enforceability may be subject to, and limited by the effect of Enforceability Exceptions) and, upon consummation of the Transactions, shall continue in full force and effect without penalty or other adverse consequence. The Company is

not in Default under any Material Contract, nor, to the Knowledge of the Company, is any other party to any Material Contract in Default thereunder, and, to the Knowledge of the Company, no event has occurred that with the lapse of time or the giving of notice or both would constitute a Default on the Company or any other party thereunder. No party to any of the Material Contracts has given notice to the Company that such party has exercised any termination rights with respect thereto, and no party has given notice to the Company of any dispute with respect to any Material Contract. The Company has delivered to Parent true, correct and complete copies of all of the Material Contracts, together with all amendments, modifications or supplements thereto.

4.15 Employee Benefits Plans.

(a) Schedule 4.15(a) sets forth a list of all Employee Benefit Plans established, maintained, sponsored or contributed to (on a contingent basis or otherwise) or required to be established, maintained, sponsored or contributed to, by the Company or under which the Company has liability, contingent or otherwise (including by reason of being an ERISA Affiliate with any other person) (the "**Company Employee Plans**"). For purposes of this Agreement, the following terms shall have the following meanings: (i) "**Employee Benefit Plan**" means any "employee benefit plan" (as defined in Section 3(3) of ERISA), and any other plan, policy, program, practice, agreement, understanding or arrangement (whether written or unwritten, qualified or nonqualified), providing compensation or benefits to any current or former Employee, director, officer or independent contractor of the Company including all employment, severance or termination agreements, individual consulting agreements and all incentive compensation, bonus, transaction bonus, retention, retirement, profit-sharing, pension, deferred compensation, vacation, holiday, cafeteria, medical, disability, sick leave, life insurance, equity or equity-based (whether real or phantom), change in control, retention, transaction, termination or severance plan, policy, program, practice, understanding or arrangement; (ii) "**ERISA**" means the Employee Retirement Income Security Act of 1974 as amended; and (iii) " **ERISA Affiliate**" means any entity (whether or not incorporated) which is treated with the Company as a single employer with the meaning of Section 414 of the Code.

(b) With respect to each Company Employee Plan, the Company has made available to Parent a copy of (i) such Company Employee Plan, including all plan documents and amendments and any trust agreements or other funding vehicles, (ii) the most recent summary plan descriptions, including any summary of material modifications, (iii) the most recent annual report (Form 5500) filed with the IRS with respect to each such Company Employee Plan, if any, (iv) the most recent actuarial report or other financial statement relating to each Company Employee Plan, if any, (v) the most recent IRS determination or opinion letter, if applicable, and any pending request for such a determination letter and (vi) all records, notices and filings concerning the IRS or Department of Labor audits or investigations and non-exempt "prohibited transactions" within the meaning of Section 406 of ERISA or Section 4975 of the Code.

(c) Each Company Employee Plan has been and is in material compliance with its terms, ERISA, the Code and all other applicable Laws and the regulations thereunder. No individual has been improperly excluded from participation in any Company Employee Plan, who would have been eligible to participate in such plan pursuant to such plan's terms.

(d) All contributions to, and payments from, any Company Employee Plan that have been required in accordance with the terms of such Company Employee Plan or any related document have been timely made or have been properly accrued to the extent required by GAAP. Neither the Company, any ERISA Affiliate, nor, to the Knowledge of the Company, any fiduciary, trustee or administrator of any Company Employee Plan, has engaged any non-exempt prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) with respect to any Company Employee Plan.

(e) Each Company Employee Plan that is intended to be qualified under Section 401(a) of the Code has received a determination, opinion or advisory letter (as applicable) from the IRS to the effect that such Company Employee Plan is qualified and the plans and trusts related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, and each such Company Employee Plan now meets, and at all times since its inception has met the requirements for such qualification, and the related trusts are now, and at all times since their inception have been, exempt from taxation under Section 501(a) of the Code.

(f) Neither the Company nor any of its ERISA Affiliates has (i) maintained an Employee Benefit Plan which was ever subject to Section 412 of the Code or Title IV of ERISA or (ii) been obligated to contribute (on a contingent basis or otherwise) to a "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA).

(g) Except as set forth on Schedule 4.15(g), the Company's execution of, and performance of the Transactions will not either alone or in connection with any other event(s) (I) result in any payment becoming due to any Employee, former employee, director, officer, or independent contractor of the Company, (II) increase any amount of compensation or benefits otherwise payable under any Company Employee Plan, (III) result in the acceleration of the time of payment, funding or vesting of any benefits under any Company Employee Plan, (IV) require any contributions or payments to fund any obligations under any Company Employee Plan or (V) limit the right to merge, amend or terminate any Company Employee Plan.

(h) No payment which is or may be made by, from or with respect to any Company Employee Plan, to any Employee, former employee, director, officer or independent contractor of the Company, either alone or in conjunction with any other payment, event or occurrence, will or could reasonably be characterized as an "excess parachute payment" under Section 280G of the Code.

(i) Each Company Employee Plan that is a "non-qualified deferred compensation plan" within the meaning of Section 409A of the Code has been established, maintained and operated in compliance with Section 409A of the Code and the applicable guidance issued thereunder. Each Company Option was granted with an exercise price that was not less than the fair market value of the underlying Company Common Stock on the date the option was granted.

(j) None of the Company Employee Plans promises or provides retiree or post-employment health, welfare or similar benefits to any Person, except as required by applicable Law or as set forth in Schedule 4.15(j).

(k) There are no Employee Benefit Plans (1) that the Company maintains or contributes to for the benefit of any employee of the Company or (2) under which the Company has any material liability, in either case under the Laws of any jurisdiction outside the United States (but excluding plans maintained by a Governmental Body).

(l) The Company and each ERISA Affiliate have complied with the notice and continuation coverage requirements of Section 4980B of the Code and the regulations thereunder with respect to each Company Employee Plan that is a group health plan within the meaning of Section 5000(b)(1) of the Code.

(m) The Company and each ERISA Affiliate has, for purposes of each Company Employee Plan, correctly classified all individuals performing services for the Company as common law employees, leased employees, independent contractors or agents, as applicable, and each such individual so classified has either been properly offered or properly excluded from participation in each Company Employee Plan.

(n) Except as set forth on Schedule 4.15(n), there are (1) to the Knowledge of the Company, no pending investigations by any Governmental Body involving the Company Employee Plans and (2) no claims pending or threatened in writing (except for claims for benefits payable in the normal operation of such plans), suits or Legal Proceedings against any Company Employee Plan or asserting any rights or claims to benefits under any Company Employee Plan which could give rise to any material liability with respect to the Company. No material liability exists or could reasonably be expected to be imposed upon the assets of the Company or any ERISA Affiliate by reason of a Company Employee Plan (including any such liability due to any failure by the Company to make any required contribution with respect to such Company Employee Plan).

4.16 Labor.

(a) The Company is not and has not ever been party to any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is any such contract or agreement presently being negotiated. There is no unfair labor practice charge or complaint, strike, slowdown, lockout or material labor dispute, or threats related to the foregoing, involving Company and there have been no such actions or disputes in the past three (3) years. To the Knowledge of the Company, there is no basis for any assertion that the Company has engaged in an unfair labor practice. During the three (3) year period prior to the Closing Date, there has not been, and to the Knowledge of the Company there are no current, activities or proceedings of any labor union to organize any employees of the Company.

(b) Schedule 4.16(b) sets forth a complete and accurate list of all Employees of Company including for each such employee: name, responsibility, current annual base salary, Fair Labor Standards Act classification (e.g. exempt or non-exempt) and date of hire. Except as set forth on Schedule 4.16(b), all Employees are employed on an "at-will" basis and their employment can be terminated at any time for any reason by and without any amounts being owed to such individual other than with respect to wages accrued before termination. Except as set forth on Schedule 4.16(b), no Employee is on disability or other leave of absence.

(c) Schedule 4.16(c) contains a complete and accurate listing of the following information for each independent contractor, consultant or freelancer who is currently rendering services to the Company (collectively, the "**Contractors**"): name (if an entity, including the name of the individuals at such entity performing services for Company) and fees paid or payable in the twelve (12) months immediately preceding the date hereof. The Company has properly treated all Contractors as non-employees for all federal, state, local and foreign Tax purposes, all ERISA and Company Employee Plan purposes, and has done so in compliance with applicable Law. There has been no determination by any Governmental Body that any Contractor is or was an employee of Company. To the Company's Knowledge, there is no basis for any Contractor to assert that they have not been properly classified as a Contractor, or fully paid for their services as a Contractor. Other than as set forth on Schedule 4.16(c), the Company's relationships with all Contractors can be terminated at any time for any reason by giving prior written notice of termination no more than thirty (30) days prior to the effective date of termination and without any amounts being owed to such Contractors, other than with respect to compensation or payment accrued before the effective date of termination.

(d) The Company is, and for the past three (3) years has been in compliance in all material respects with all Laws governing the employment of its Employees, including those relating to wages, hours, benefits, labor, immigration and the Immigration and Nationality Act, 8 U.S.C. Sections 1101 et seq. and its implementing regulations. The Company is not a party to, or otherwise bound by, any consent decree or settlement agreement with, or citation by, any Governmental Body relating to employees and employee practices.

(e) No "mass layoff," "plant closing," or similar event as defined by the Worker Adjustment and Retraining Notification Act of 1988 or any similar action under any comparable applicable Laws ("**WARN**") requiring notice to Employees in the event of a plant closing or layoff has occurred at the Company. The Company has not involuntarily terminated, laid off or reduced the hours of work for any Employee within the ninety (90) day period prior to Closing. The Company has complied with its obligations, if any, under WARN.

(f) The Company has properly paid its Employees and former employees and all amounts required by applicable Laws to be deducted or withheld from remuneration payable to Employees, and all employer premiums, contributions or amounts payable by the Company thereon or in respect thereof, have been so deducted and withheld and remitted, paid or contributed in compliance in all material respects with applicable Laws to the appropriate Governmental Body. The Company is not liable for any arrears of wages, overtime or any taxes or penalties for failure to comply with applicable Law.

(g) The Company has not used the services of workers provided by third party contract labor suppliers, temporary employees or "leased employees" (as that term is defined in Section 414(n) of the Code). All Employees are employed in the United States, and none of the written terms and conditions of their employment provide for the application of the law of any jurisdiction outside the United States.

4.17 Litigation. Except as set forth on Schedule 4.17, (i) there is no Legal Proceeding pending or, to the Knowledge of the Company, threatened against the Company (or to

the Knowledge of the Company, pending or threatened, against any of the officers, directors, Contractors or Employees of the Company with respect to their business activities on behalf of the Company), or to which the Company is otherwise a party, (ii) the Company is not subject to any Order, and the Company is not in breach or violation of any Order, (iii) there are no Legal Proceedings pending or, to the Knowledge of the Company, threatened against the Company or to which the Company is otherwise a party relating to this Agreement or any Company Document or the Transactions, (iv) the Company has not received any written notice that it is under investigation with respect to any violation or alleged violation of any Law, and (v) the Company is not currently planning to initiate any Legal Proceeding.

4.18 Compliance with Laws; Regulatory Matters .

(a) Except as set forth on Schedule 4.18(a), the Company is and has been in compliance with applicable Law with, and is not in violation of any Law, respect to the conduct of the Business, or the ownership or operation of its properties or assets, including (i) any applicable Laws governing development, approval, manufacture, sale, marketing, promotion or distribution as it relates to the Business, including the FDA Act and CLIA, (ii) all applicable Laws regulating the medical device/diagnostic industry generally, including the U.S. Foreign Corrupt Practices Act (15 U.S.C. §§78dd-1 et seq.) and all Healthcare Laws.

(b) Except as set forth on Schedule 4.18(b), no action has been filed or commenced or, to the Knowledge of Company, threatened involving the Company alleging any failure to comply with any of the Healthcare Laws. Except as set forth on Schedule 4.18(b), the Company has not received any communication from a Governmental Body or other Person that alleges that the Company is not currently, or was not then, in compliance with any Healthcare Law, and to the Knowledge of the Company, is not under investigation for an violations of any Healthcare Laws other than any statements of deficiencies from a Governmental Body in connection with surveys, claim adjustments or adjudications occurring in the Ordinary Course of Business.

(c) Except as set forth on Schedule 4.18(c), the Company is not a party to a corporate integrity agreement, monitoring agreement, deferred prosecution agreement, consent decree, settlement order or similar agreement with or imposed by any Governmental Body.

(d) The Company has filed all material claims and other reports required to be filed in connection with all Medicare, Medicaid, governmental or other reimbursement programs, as applicable, due on or before the date hereof (subject to any permitted extensions), all of which are complete and correct in all material respects. The Company has not received notice of actions pending before any commission, board or agency, including, without limitation, any intermediary or carrier, the Provider Reimbursement Review Board, the Center for Medicare and Medicaid Services, or other Governmental Body, with respect to any Medicare, Medicaid, governmental or other reimbursement program claims filed by the Company or any disallowances by any commission, board or agency in connection with any audit or review of such claims, except as specifically described and set forth on Schedule 4.18(d), and the Company has delivered to Parent true and correct copies of any such claims, actions or appeals. The Company has not received notice of any validation review, program integrity review or other investigation related to the Company that is currently being conducted by any Governmental Body, including, without limitation, the

Federal Health and Human Services Office of Inspector General or the United States Department of Justice, in connection with the Medicare, Medicaid, governmental or other reimbursement program.

(e) There are no actions pending or, to the Knowledge of the Company, threatened related to the Company, or its business, assets or property, and the Company is not subject to any Order, party to any judgment, decree, settlement or agreement, or memorandum of understanding or other regulatory enforcement action or proceeding, in each case, relating to any Healthcare Law and with or by any Governmental Body with respect to the Company, or its business, assets or property.

(f) Except as set forth on Schedule 4.18(f), it has not been audited for any alleged improper activity or violation of Law, and there is no pending or, to the Knowledge of the Company, threatened, recoupment or repayment sought by Medicare, Medicaid, governmental or other reimbursement program, other than liabilities relating to claim adjustment and adjudication in the Ordinary Course of Business.

(g) The billing and collection practices of the Company have been in compliance in all respects with all applicable Laws (including Healthcare Laws), regulations and policies of, and agreements with, Medicare, Medicaid, governmental or other reimbursement programs, and the Company has not submitted any claims that are cause for civil penalties or overpayments under, or mandatory or permissive exclusion from, or termination of rights under, any such reimbursement programs, other than liabilities relating to claim adjustment and adjudication in the Ordinary Course of Business.

(h) Neither the Company nor its officers, directors, Employees or agents, including third party contractors who has undertaken activities in connection with the Business, has been debarred, restricted, suspended, deemed subject to debarment pursuant to, nor are any such Persons the subject of a conviction described in, (i) Section 306 of FFDCA or (ii) 42 U.S.C. §1320a–7 or any similar debarment or ineligibility provisions applicable to any health care program of a Governmental Body.

(i) The Company has not, and to the Knowledge of the Company, none of its Representatives, has committed an act, made a statement, or failed to make a statement that, would reasonably be expected to provide a basis for the FDA to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" Final Policy set forth in 56 Fed. Reg. 46191 (September 10, 1991) and any amendments thereto (the "**FDA Ethics Policy**"). The Company is not the subject of any pending or, to the Knowledge of the Company, threatened investigation pursuant to the FDA Ethics Policy.

(j) The Company is and has been in compliance with all applicable security and privacy standards regarding protected health information (as defined in 45 C.F.R. § 160. 103) ("**Protected Health Information**") under (i) HIPAA and HITECH and (ii) any applicable state privacy Laws. The Company has in place plans, policies and procedures designed to comply with HIPAA and HITECH in all material respects. The Company has not received notice of any pending, and to the Knowledge of the Company, there is no threatened, proceeding with respect to any alleged

"breach" as defined in 45 C.F.R. § 164.402 (a " **Breach**") or any other violation of HIPAA or HITECH by the Company or any of its "workforce" (as such term is defined under HIPAA), except for any such Breaches or such other violation of HIPAA or HITECH that, individually or in the aggregate, are not material.

(k) Except as set forth on Schedule 4.18(k), to the Knowledge of the Company, there are no investigations, lawsuits, or regulatory proceedings, pending or threatened, brought by or before the FDA, the Centers for Medicare and Medicaid Services, the U.S. Office of Inspector General of the U.S. Health and Human Services, or the U.S. Department of Justice in which the Company is or will be made the defendant or respondent, nor are there any adverse Orders currently in effect that have been issued by such Governmental Bodies against the Company, nor are there any facts, circumstances or conditions that exist that may give rise to any adverse Order issuable by such Governmental Bodies against the Company.

(l) The Company has maintained, enforced and complied with in all material respects written privacy, security and data protection policies (the "**Privacy Policies**") with respect to any Protected Health Information providing for, without limitation: (i) clear and conspicuous disclosure of the Company's privacy, security and data protection practices, including collection, storage, use and disclosure of, and provision of access and corrections to any Protected Health Information, and (ii) protection from loss, misappropriation, disclosure or corruption of, and unauthorized access to any Protected Health Information. Neither this Agreement nor the Transactions violate or will violate the terms and conditions of any Privacy Policies, any applicable Laws or the privacy rights of any Person. To the Knowledge of the Company, no Protected Health Information has been subject to any breach, misappropriation, unauthorized disclosure, or unauthorized access or use by any Person.

4.19 Permits. The Company has all material Permits necessary to conduct its Business as now being conducted (the "**Company Permits**") (including all Permits that may be required by any Governmental Body engaged in the regulation of the products or operations of the Business). The Company Permits are valid and in full force and effect and will continue to be so upon consummation of the Transactions, except for such invalidity or failure to be in full force and effect that, individually or in the aggregate, would not be material to the Company taken as a whole. The Company is in compliance in all material respects with the terms of the Company Permits, except for such failures to comply that, individually or in the aggregate, would not be material to the Company taken as a whole. The Company has not received any notice with respect to the operation of the Business from any Governmental Body regarding (i) any material adverse change in any Company Permit, or any failure to comply with any applicable laws of any Governmental Body or any term or requirement of any Company Permit or (ii) any revocation, withdrawal, suspension, cancellation, limitation, termination or material modification of any Company Permit. As of the date hereof, no suspension or cancellation of any Permit required under any Healthcare Law is pending or, to the Knowledge of the Company, threatened. There is no concluded or, to the Knowledge of Company, pending or threatened investigation, audit or other action that could result in a revocation, suspension, termination, probation, restriction, limitation or non-renewal of any Permit required under any Healthcare Law and there is no reasonable basis for the foregoing. Except as set forth on Schedule 4.19, the Transactions contemplated hereunder do not require the Consent

of or filings with any Governmental Body with jurisdiction over the Company with respect to any Healthcare Laws or Permits subject to any Healthcare Laws.

4.20 Environmental Matters.

(a) The operations of the Company and its Business are and have been in compliance with all applicable Environmental Laws. To the Knowledge of the Company, no facts, circumstances or conditions currently exist that could adversely affect such continued compliance with Environmental Laws or that require that the Company incur currently unbudgeted capital expenditures to achieve or maintain such continued compliance with Environmental Laws.

(b) The Company is not subject to (i) any Order or Contract with any Governmental Body with respect to Environmental Laws, any Remedial Action or any Release or threatened Release of a Hazardous Material, or (ii) any Contract with any Person that is not a Governmental Body with respect to any Remedial Action.

(c) The Company has not Released any Hazardous Materials into the environment.

(d) There are no investigations pending or, to the Knowledge of the Company, threatened against the Company with respect to the Business that could reasonably be expected to result in the Company incurring or suffering material Environmental Costs and Liabilities or Liens under Environmental Law.

(e) The Transactions do not require the Consent of or filings with any Governmental Body with jurisdiction over the Company with respect to environmental matters.

(f) The Company has no audits, studies, reports, analyses, or results of investigations related to matters arising under Environmental Laws, Environmental Costs and Liabilities, or Hazardous Materials (including human exposure to Hazardous Materials) that have been performed by or on behalf of the Company with respect to the operation of the Business.

4.21 Related Party Transactions. Except as set forth on Schedule 4.21, no Employee, officer, director or Equityholder of the Company, any member of his or her immediate family or any of their respective Affiliates ("**Related Persons**") (i) owes any amount to the Company nor does the Company owe any amount to, or has the Company committed to make any loan or extend or guarantee credit to or for the benefit of, any Related Person (other than any normal and customary compensation owed by the Company to any such Employee, officer or director for services rendered), (ii) is involved in any business arrangement or other relationship with the Company (whether written or oral) other than, in the case of any such Employee, officer, director or Equityholder, such Person's arrangement or relationship with the Company as an employee, officer, director or Equityholder of the Company, (iii) owns any property or right, tangible or intangible, that is used by the Company, (iv) to the Knowledge of the Company, has any cause of action against the Company or (v) to the Knowledge of the Company, owns any direct or indirect interest of any kind (other than the direct or indirect ownership of an equity interests in a publicly traded company of such equity interest is less than five percent (5%) of such publicly traded

company's equity interests) in, or controls or is a director, officer, employee or partner of, or consultant to, or lender to or borrower from or has the right to participate in the profits of, any Person which is a supplier, customer, landlord, tenant, creditor or debtor of the Company.

4.22 Insurance. Schedule 4.22 sets forth a list, as of the date of this Agreement, of each insurance policy of the Company (the "**Insurance Policies**"). Schedule 4.22 contains a list, including policy number, amount and type of coverage, of all policies or binders of insurance maintained by the Company on the Business or the assets of the Company as of the date hereof. To the Knowledge of the Company, all such Insurance Policies are in full force and effect and all premiums due and payable under the Insurance Policies have been paid on a timely basis and the Company is otherwise in compliance in all material respects with all other terms thereof. No written notice of cancellation, termination or non-renewal has been received by the Company with respect to any such policy. There have been no claims against insurance by the Company as to which the insurers have denied coverage or otherwise reserved rights.

4.23 Financial Advisors. Except as set forth on Schedule 4.23, the Company has not entered into any Contract with any broker, finder or similar agent or any Person which will result in the obligation of Parent, or the Company or the Surviving Corporation to pay any finder's fee, brokerage fees or commission or similar payment in connection with the transactions contemplated hereby.

4.24 No Other Representations or Warranties . . EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT, INCLUDING ARTICLE IV HEREOF, OR ANY OF THE RELATED DOCUMENTS , NONE OF THE EQUITYHOLDERS, THE EQUITYHOLDER REPRESENTATIVE, THE COMPANY OR ANY OF THEIR RESPECTIVE AFFILIATES, EMPLOYEES OR REPRESENTATIVES ARE MAKING OR HAVE MADE ANY REPRESENTATIONS OR WARRANTIES OF ANY SORT TO OR FOR THE BENEFIT OF THE COMPANY, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE, AND THE COMPANY, THE EQUITYHOLDERS AND THE EQUITYHOLDERS REPRESENTATIVE EXPRESSLY DISCLAIM ANY OTHER REPRESENTATIONS OR WARRANTIES.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF PDI, PARENT AND MERGER SUB

Except (i) as set forth on the disclosure letter delivered by Parent to the Company on the date hereof, and (ii) information disclosed in PDI SEC Documents, PDI, Parent and Merger Sub hereby jointly and severally represent and warrant to the Company as of the date hereof as follows:

5.1 Organization and Good Standing of PDI, Parent and Merger Sub . Parent is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. PDI and Merger Sub are corporations duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of PDI, Parent and Merger Sub has the full power and authority to own its properties and to carry on its business as now being conducted

and is duly qualified to do business and is in good standing in each jurisdiction in which the conduct of its business or the ownership, leasing, holding or use of its properties makes such qualification necessary, except such jurisdictions where the failure to be so qualified or licensed or in good standing could not individually or in the aggregate, reasonably be expected to (i) result in a Parent Material Adverse Effect or (ii) prevent, impair or delay, in any material respect, the ability of the parties hereto to consummate the Transactions.

5.2 Authorization of Agreement. Each of PDI, Parent and Merger Sub has all requisite power and authority to enter into this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed by PDI, Parent or Merger Sub in connection with the consummation of the Transactions (the "**Parent Documents**") and to consummate the Transactions. The execution and delivery of this Agreement and the Parent Documents and the consummation of the Transactions have been duly authorized by all necessary action on the part of PDI, Parent and Merger Sub, as applicable. This Agreement has been, and each of the Parent Documents will be at the Closing, duly executed and delivered by PDI, Parent and Merger Sub (as applicable) and, assuming the due authorization, execution and delivery by the other parties hereto and thereto (other than PDI, Parent and Merger Sub), this Agreement constitutes, and in the case of the Parent Documents they will at Closing constitute, valid and binding obligations of PDI, Parent and Merger Sub (as applicable), enforceable against each of PDI, Parent and Merger Sub (as applicable) in accordance with their respective terms, except as such enforceability may be subject to any Enforceability Exceptions. No Consent is required by or with respect to PDI, Parent or Merger Sub in connection with the execution and delivery of this Agreement and the Parent Documents by PDI, Parent and Merger Sub or the consummation by PDI, Parent and Merger Sub of the Transactions except for (i) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, and (ii) such other Consents as may be required under applicable securities Laws.

5.3 Conflicts; Consents of Third Parties.

(a) None of the execution and delivery by PDI, Parent and Merger Sub of this Agreement and of Parent Documents, the consummation of the Transactions, or the compliance by PDI, Parent and Merger Sub with any of the provisions hereof or thereof will conflict with, or result in violation of or Default under, or give rise to a right of termination or cancellation under any provision of (i) the certificate of incorporation and bylaws or comparable organizational documents of PDI, Parent or Merger Sub; (ii) any Contract, or Permit to which PDI, Parent or Merger Sub is a party or by which any of the properties or assets of PDI, Parent or Merger Sub are bound; (iii) any Order of any Governmental Body applicable to PDI, Parent or Merger Sub or by which any of the properties or assets of PDI, Parent or Merger Sub are bound; or (iv) any applicable Law, except with respect to clauses (ii) through (iv), as would not, individually or in the aggregate, reasonably be expected to (a) result in a Parent Material Adverse Effect or (b) prevent, impair or delay, in any material respect, the ability of the parties hereto to consummate the Transactions.

(b) No Consent is required on the part of PDI, Parent or Merger Sub in connection with the execution and delivery of this Agreement or the Parent Documents or the compliance with any of the provisions hereof or thereof, except for such Consents, the absence of which would not,

individually or in the aggregate, (i) result in a Parent Material Adverse Effect or (ii) reasonably be expected to prevent, impair or delay, in any material respect, the ability of the parties hereto to consummate the Transactions.

5.4 Financial Advisors. Neither PDI, Parent nor Merger Sub has entered into any Contract with any broker, finder or similar agent or any Person which will result in the obligation of PDI, Parent, or the Company or the Surviving Corporation to pay any finder's fee, brokerage fees or commission or similar payment in connection with the transactions contemplated hereby.

5.5 Litigation. There is no action, suit or proceeding of any nature pending or, to PDI's, Parent's or Merger Sub's Knowledge, threatened against PDI, Parent or Merger Sub, or any of their respective properties, that would have a material adverse effect on the ability of PDI Parent or Merger Sub to perform its obligations pursuant to this Agreement and to consummate the Merger and the Transactions in accordance with the terms of this Agreement and the Related Documents. There is no investigation pending or, to PDI's, Parent's or Merger Sub's Knowledge, threatened against PDI, Parent or Merger Sub, any of their respective properties by or before any Governmental Body, that could reasonably be expected to result in a Parent Material Adverse Effect or would otherwise have a material adverse effect on the ability of PDI, Parent or Merger Sub to perform its obligations pursuant to this Agreement and to consummate the Merger and the Transactions.

5.6 PDI SEC Documents.

(a) PDI has filed or furnished all reports, schedules, forms, certifications, prospectuses, and registration, proxy and other statements required to be filed or furnished by it to the U.S. Securities and Exchange Commission (the "**SEC**") since and including the filing of PDI's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (collectively, and in each case including all exhibits and schedules thereto and documents incorporated by reference therein, the "**PDI SEC Documents**"). The PDI SEC Documents, as of their respective effective dates (in the case of PDI SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) and as of their respective SEC filing dates (in the case of all other PDI SEC Documents), or, if amended, as finally amended prior to the date of this Agreement, complied in all material respects with the requirements of the Securities Act, the Exchange Act, and the Sarbanes-Oxley Act of 2002, as amended (the "**Sarbanes-Oxley Act**"), as the case may be, and the rules and regulations of the SEC thereunder applicable to such PDI SEC Documents, and none of the PDI SEC Documents as of such respective dates, or if amended, as of the date of the last such amendment, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No Subsidiary of PDI is subject to the reporting requirements of Section 13(a) or 15(d) under the Exchange Act.

(b) Each of the audited consolidated financial statements and unaudited consolidated financial statements of PDI included in the PDI SEC Documents (including the related notes and schedules), as of their respective effective dates (in the case of the PDI SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) and as of their respective SEC filing dates, (in the case of all other PDI SEC Documents), or if amended, as

of the date of the last such amendment, complied as to form in all material respects with all applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto (except, in the case of unaudited statements, as permitted by Quarterly Report Form 10-Q of the SEC), were prepared in accordance with GAAP and applicable accounting requirements and published rules and regulations of the SEC consistently applied during the periods involved (except (i) with respect to financial statements included in the PDI SEC Documents filed as of the date of this Agreement, as may be indicated in the notes thereto, or (ii) as permitted by the rules and regulations of the SEC, including Regulation S-X), and fairly present in all material respects the condensed consolidated financial position of PDI and its Subsidiaries as of the dates thereof and the condensed consolidated statements of comprehensive income (loss) and cash flows as of the dates and for the periods shown therein. There are no outstanding or unresolved comments in comment letters received from the SEC or its staff. To the Knowledge of PDI, as of the date hereof, none of the PDI SEC Documents filed on or prior to the date hereof is the subject of ongoing review or investigation.

(c) There are no unconsolidated Subsidiaries of PDI or any off-balance sheet arrangements of any type (including any off-balance sheet arrangement required to be disclosed pursuant to Item 303(a)(4) of Regulation S-K promulgated under the Securities Act) that have not been so described in PDI SEC Documents nor any obligations to enter into any such arrangements.

(d) PDI has established and maintains internal control over financial reporting and disclosure controls and procedures (as such terms are defined in Rule 13a-15 and Rule 15d-15 under the Exchange Act). The Chief Executive Officer and the Chief Financial Officer of PDI have made all certifications required by the Sarbanes-Oxley Act, the Exchange Act and any related rules and regulations promulgated by the SEC with respect to PDI SEC Documents, and the statements contained in such certifications were complete and correct when made. The management of PDI has completed its assessment of the effectiveness of PDI's internal control over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act for the year ended December 31, 2013, and such assessment concluded that such controls were effective. As of the date of this Agreement there are no facts or circumstances that would prevent PDI's Chief Executive Officer and Chief Financial Officer from giving the certifications and attestations required pursuant to the rules and regulations adopted pursuant to Section 404 of the Sarbanes-Oxley Act, without qualification, when next due.

(e) Since August 1, 2014, (i) neither PDI nor any Subsidiary, nor, to the Knowledge of PDI, any director or executive officer of PDI or any Subsidiary of PDI has received any material complaint, allegation, assertion or claim, in writing that PDI or any Subsidiary or PDI has engaged in improper, illegal or fraudulent accounting or auditing practices and (ii) to the Knowledge of PDI, no attorney representing PDI or any Subsidiary of PDI, whether or not employed by PDI or any Subsidiary of PDI, has reported evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by PDI or any Subsidiary of PDI or any of their respective officers, directors, employees or agents to the board of directors of PDI or any committee thereof or to any director or officer of PDI.

5.7 PDI Common Stock. The PDI Common Stock will, when issued in accordance with the provisions of this Agreement, be validly issued, fully paid and non-assessable.

5.8 Capitalization of PDI.

(a) PDI's authorized capital stock consists of Forty Million (40,000,000) shares of common stock, par value $0.01 per share, and Five Million (5,000,000) shares of preferred stock, par value $0.01 per share. As of August 8, 2014, 15,361,725 shares of PDI Common Stock were issued and outstanding. All issued and outstanding shares of PDI Common Stock (x) have been duly authorized and validly issued, (y) are fully paid and non-assessable and free of preemptive rights and encumbrances and (z) were issued in material compliance with all applicable federal and state securities laws and in material compliance with all requirements binding on PDI set forth in applicable Contracts.

(b) Except (i) as set forth in the PDI SEC Documents, ii for any of the following which may occur as a result of the consummation of the transactions contemplated by this Agreement or (iii) for any of the following that have been issued, awarded or granted in the Ordinary Course of Business under an incentive plan, employee benefits plan or other plan or Contract disclosed in the PDI SEC Documents since March 31, 2014, there are no **o** outstanding options, warrants, agreements, convertible or exchangeable securities or other commitments pursuant to which PDI is or may become obligated to issue, sell, transfer, purchase, return or redeem any securities of PDI, **o** securities of PDI reserved for issuance for any purpose, **o** agreements pursuant to which registration rights in the securities of PDI have been granted, **o** statutory preemptive rights or contractual rights of first refusal to which PDI is a party with respect to the capital stock, **o** stock appreciation rights, phantom stock or similar plans or rights pursuant to which PDI has any obligations, **o** voting trusts, proxies, or similar agreements to which PDI is a party with respect to the capital stock of PDI or **o** to the Knowledge of PDI, limitations on voting rights (other than those described in clause (G) above) with respect to shares of capital stock of PDI.

5.9 No Other Representations or Warranties. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT, INCLUDING ARTICLE V HEREOF, OR ANY OF THE RELATED DOCUMENTS , NONE OF PDI OR ITS SUBSIDIARIES OR ANY OF THEIR RESPECTIVE AFFILIATES, EMPLOYEES OR REPRESENTATIVES ARE MAKING OR HAVE MADE ANY REPRESENTATIONS OR WARRANTIES OF ANY SORT TO OR FOR THE BENEFIT OF THE COMPANY, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE, AND PDI, PARENT AND MERGER SUB EXPRESSLY DISCLAIM ANY OTHER REPRESENTATIONS OR WARRANTIES.

ARTICLE VI
COVENANTS

6.1 Access to Information; Confidentiality. The Company shall afford to Parent and its accountants, counsel, financial advisors and other representatives, reasonable access, during normal business hours upon reasonable notice throughout the period prior to the Closing, to the Company's books, financial information (including working papers and data in the possession of the Company's or its independent public accountants, internal audit reports, and "management letters" from such accountants with respect to the Company's systems of internal control), Contracts

and records of the Company and, during such period, shall furnish promptly such information concerning the Business, properties and personnel of the Company as Parent shall reasonably request; provided, however, such investigation shall be carried out in a manner that does not disrupt in any material respect the Company's operations. The Company shall authorize and direct the appropriate directors, managers, Employees, consultants and other advisors (including contract research organizations and contract manufacture organizations) of the Company to discuss matters involving the operations and Business with representatives of Parent, provided that the timing of such discussions shall be coordinated between the Company and Parent to comply with the foregoing provisions of this Section 6.1. From and after the Closing, each Equityholder shall treat and hold as such any and all confidential information concerning the Business and affairs of the Company ("**Confidential Information**"), refrain from using any of the Confidential Information except in connection with this Agreement, and deliver promptly to Parent or destroy, at the request and option of Parent, all tangible embodiments (and all copies) of the Confidential Information which are in such Equityholder's possession. If any Equityholder is ever requested or required to disclose any Confidential Information, such Equityholder shall notify Parent promptly of such request or requirement so that Parent may seek an appropriate protective order or waive compliance with this Section 6.1. If, in the absence of a protective order or the receipt of a waiver hereunder, such Equityholder, on the written advice of counsel, is compelled to disclose any Confidential Information to any Governmental Body, arbitrator, or mediator or else stand liable for contempt, such Equityholder may disclose such Confidential Information to the extent so required. Notwithstanding anything express or implied in the foregoing provisions of this Section 6.1 to the contrary, the Company shall not be required to disclose or provide access to any information if such disclosure or access would contravene any applicable Law. No information provided to or obtained by Parent pursuant to this Section 6.1 shall limit or otherwise affect the remedies available hereunder to Parent (including Parent's right to seek indemnification pursuant to Article VIII), or the representations or warranties of, or the conditions to the obligations of, the parties hereto.

6.2 Conduct of the Business Pending the Closing .

(h) Except as otherwise expressly provided in this Agreement or with the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed), between the date hereof and the Closing, the Company shall:

(i) conduct its Business only in the Ordinary Course of Business;

(ii) use its commercially reasonable efforts to (A) preserve the present Business operations, organization (including officers and employees) and goodwill of the Company and (B) preserve the present relationships with Persons having business dealings with the Company;

(iii) maintain (A) all of the tangible assets and properties of, or used by, the Company in their current condition, ordinary wear and tear excepted, and (B) insurance upon all of the properties and assets of the Company in such amounts and of such kinds comparable to that in effect on the Execution Date; and

(iv) (A) maintain the books, accounts and records of the Company in the Ordinary Course of Business, (B) continue to collect accounts receivable and pay accounts payable

in the Ordinary Course of Business, and (C) comply with all contractual and other obligations of the Company.

(i) Without limiting the generality of the foregoing, except as otherwise expressly provided in this Agreement or with the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed) or as set forth in Schedule 6.2(b), the Company shall not:

(i) incur or modify in any material respect the terms of any Indebtedness, or assume, guarantee, endorse (other than endorsements for deposit or collection in the Ordinary Course of Business), or otherwise become responsible for obligations of any other Person, except for Indebtedness incurred, assumed or guaranteed in the Ordinary Course of Business in amounts not in excess of Ten Thousand Dollars ($10,000) in the aggregate;

(ii) grant, sell or issue, or commit to grant, sell or issue, any equity or equity based award or rights to acquire, any shares of capital stock or any other securities or any securities convertible into shares of capital stock or any other securities (including any options to acquire capital stock and other equity awards);

(iii) declare, pay or incur any obligation to pay any dividend or other distribution (whether payable in cash, stock or property) on its capital stock or other securities or declare, make or incur any obligation to make any distribution or redemption with respect to capital stock or other securities, except that the provisions of this clause (iii) shall not limit, prohibit or prevent the Company from repaying any Indebtedness in accordance with its terms so long as the Company incurred such Indebtedness prior to the Execution Date;

(iv) mortgage, pledge or otherwise encumber (including by creating any Lien that is not a Permitted Exception) any assets of the Company or sell, transfer, license or otherwise dispose of any assets of the Company except in the Ordinary Course of Business;

(v) amend or propose to amend its certificate of incorporation, bylaws or other comparable organizational documents;

(vi) incur or authorize any capital expenditures or any obligations or liabilities in respect of capital expenditures in excess of Ten Thousand Dollars ($10,000);

(vii) make any loans, advances or capital contributions to, or investments in, any other Person;

(viii) assign, release or forgive any Indebtedness;

(ix) split, combine, reclassify, repurchase, redeem or otherwise acquire any shares of Company Capital Stock, except for repurchases of unvested shares of Company Common Stock held by employees, directors, consultants or advisors to the Company, at cost or less, in connection with termination of employment or other service relationship with the Company

or the occurrence or non-occurrence of other events in accordance with the applicable vesting terms of such unvested shares;

(x) abandon, cease to prosecute, fail to maintain, sell, license, assign or encumber any Company Permit or other material assets (other than with respect to Company Intellectual Property);

(xi) merge or consolidate with any Person or adopt a plan of complete or partial liquidation (or resolutions providing for or authorizing such liquidation), dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

(xii) form any Subsidiary or acquire (including by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any assets, securities, properties, interests or businesses other than the acquisition of assets in the Ordinary Course of Business with a purchase price (including assumed Indebtedness) that does not exceed Ten Thousand Dollars ($10,000) in the aggregate;

(xiii) enter into or renew any Material Contract, unless such Material Contract is entered into or renewed by the Company in the Ordinary Course of Business;

(xiv) make any change in (whether by amendment or modification or otherwise) any right under any Material Contract;

(xv) terminate any Material Contract or waive, release or assign any right under any Material Contract;

(xvi) make any change in any method of accounting or accounting practice;

(xvii) (A) make, change or revoke any Tax election; (B) adopt or change any accounting method or period in respect of Taxes; (C) file any amended Tax Return; (D) enter into any Tax allocation agreement, Tax sharing agreement, pre-filing or advance pricing agreement or Tax indemnity agreement; (E) settle or compromise any claim, notice, audit report or assessment in respect of any Taxes; (F) surrender or forfeit any Tax refund; or (G) Consent to any extension or waiver of the limitation period applicable to any Tax Return or any claim or assessment in respect of any Taxes;

(xviii) waive, release, assign, compromise, settle or agree to settle any Legal Proceeding involving a Person other than PDI, Parent, Merger Sub or any of their respective Affiliates (including any Legal Proceeding relating to this Agreement or the Transactions) other than claim adjustment or adjudication occurring in the Ordinary Course of Business;

(xix) (A) sell, assign, license, sublicense, encumber, impair, abandon, fail to use commercially reasonable efforts to diligently maintain, transfer or otherwise dispose of any right, title or interest of the Company in any Company Intellectual Property (other than non-exclusive licenses or sublicenses of Company Intellectual Property to contractors of the Company for purposes of carrying out research, development and manufacturing activities for and on behalf of the

Company), (B) amend, waive, cancel or modify any rights in or to the Company Intellectual Property, (C) fail to use commercially reasonable efforts to diligently prosecute the patent applications owned by the Company or (D) divulge, furnish to or make accessible any trade secrets within Company Intellectual Property to any third party who is not subject to an enforceable written agreement to maintain the confidentiality of such trade secrets;

(xx) (A) establish, adopt, enter into, amend (other than amendments required by law or to comply with the Code) or terminate any Company Employee Plan or any plan, agreement, program, policy, trust, fund or other arrangement that would be a Company Employee Plan if it were in existence as of the Execution Date, (B) increase the compensation or fringe benefits of any current or former employee, director, officer or independent contractor of the Company, (C) grant any severance or termination pay to any present or former director, officer, employee or independent contractor of the Company, or (D) loan or advance any money or other property to any present or former director, officer or employee of the Company;

(xxi) hire any employee, independent contractor or consultant to be employed by or perform services on behalf of the Company;

(xxii) correspond, communicate or consult with any Governmental Body without providing Parent with prior written notice and the opportunity to consult with the Company with respect to such correspondence, communication or consultation; and

(xxiii) directly or indirectly take, agree to take or otherwise permit to occur any of the actions described in Sections 6.2(b)(i) through 6.2(b)(xxii).

6.3 Third Party Consents. The Company shall use its commercially reasonable efforts to obtain at the earliest practicable date all Consents from, and provide all notices to, all Persons that are not a Governmental Body, which Consents, waivers, approvals and notices are set forth on Schedule 6.3. All such Consents, waivers, approvals and notices shall be in writing and in form and substance reasonably satisfactory to Parent, and executed counterparts of such Consents, waivers and approvals shall be delivered to Parent promptly after receipt thereof, and copies of such notices shall be delivered to Parent promptly after the making thereof.

6.4 Governmental Consents and Approvals.

(a) Each of PDI, Parent, Merger Sub, and the Company shall use their respective commercially reasonable efforts to obtain at the earliest practical date all Consents, Orders, Permits, authorizations and declarations from, make all filings with, and provide all notices to, all Governmental Bodies that are required from PDI, Parent, Merger Sub or the Company, as the case may be, to consummate, or in connection with, the Transactions, including the Consents, Orders, Permits, authorizations, declarations, filings and notices referred to in Section 4.3(b). Each such party shall use commercially reasonable efforts to furnish to each other party hereto all information required for any application or other filing to be made pursuant to any applicable Law in connection with the Transactions. Each such party shall promptly inform the other parties hereto of any oral communication with, and provide copies of written communications with, any Governmental Body regarding any such filings or any such transaction and permit the other party to review in advance

any proposed communication by such party to any Governmental Body. No party hereto shall independently participate in any formal meeting with any Governmental Body in respect of any such filings, investigation, or other inquiry without giving the other parties hereto prior notice of the meeting and, to the extent permitted by such Governmental Body, the opportunity to attend and/or participate. Subject to applicable Law, the parties hereto shall consult and cooperate with one another in connection with the matters described in this Section 6.4, including in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party hereto relating to proceedings described in this Section 6.4. To the extent that the Equityholders are to receive Future Payments pursuant to the Contingent Consideration Agreement, PDI and the Equityholder Representative shall cooperate to determine whether any filings with any Governmental Body are necessary prior to the payment of such Future Payments. In the event that a filing with a Governmental Body is necessary, each of the parties hereto shall use commercially reasonable efforts to assist in preparation of such filing.

(b) Each of Parent, Merger Sub and the Company shall use commercially reasonable efforts to resolve such objections, if any, as may be asserted by any Governmental Body with respect to the Transactions under any Law.

6.5 Further Assurances. Subject to, and not in limitation of, Section 6.4, each of PDI, Parent, Merger Sub and the Company shall use its commercially reasonable efforts to (i) take, or cause to be taken, all actions necessary or appropriate to consummate the Transactions and (ii) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the Transactions. If, at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement and to vest Parent with full right, title and possession to all the property, rights, privileges, power and franchises of the Company, the officers and directors of the Surviving Corporation are fully authorized in the name of the Company and Merger Sub to take all such lawful and necessary action.

6.6 Publicity.

(a) None of PDI, Parent, Merger Sub, the Company or the Equityholder Representative shall issue any press release or public announcement concerning this Agreement or the Transactions without obtaining the prior written approval of the other parties hereto, which approval will not be unreasonably withheld, conditioned or delayed, unless disclosure is otherwise required by applicable Law or unless, in the sole judgment of Parent, disclosure is required by the applicable rules of any stock exchange or self-regulatory organization on which Parent or its Affiliates lists securities; provided that to the extent required by applicable Law, the party intending to make such release shall use its commercially reasonable efforts consistent with such applicable Law to consult with the other parties with respect to the text thereof. Notwithstanding the foregoing, that parties acknowledge and agree that it is their intention to issue a press release, in form and substance to be mutually agreed upon by Parent, the Company and the Equityholder Representative, disclosing the existence of this Agreement and describing certain financial and other information concerning the Transactions.

(b) Each of PDI, Parent, the Equityholder Representative and the Company agrees that they shall agree on appropriate disclosure of the financial terms of this Agreement;

provided that, subject to the provisions of Section 6.6(a) and this Section 6.6(b), this Agreement shall not be publicly disclosed or otherwise made available to the public and that copies of this Agreement shall not be publicly filed or otherwise made available to the public, except where such disclosure, availability or filing is required by applicable Law and only to the extent required by such Law.

6.7 Notification of Certain Matters. Each of the Equityholder Representative and the Company shall give notice to Parent and Parent shall give notice to the Equityholder Representative and the Company, as promptly as reasonably practicable upon becoming aware of (a) any fact, change, condition, circumstance, event, occurrence or non-occurrence that has caused or is reasonably likely to cause any representation or warranty in this Agreement made by it to be untrue or inaccurate in any respect at any time after the date hereof and prior to the Closing, (b) any material failure on its part to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder or (c) the institution of or the threat of institution of any Legal Proceeding against the Company, Parent or their respective Affiliates related to this Agreement or the Transactions; provided that the delivery of any notice pursuant to this Section 6.7 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice, or the representations or warranties of, or the conditions to the obligations of, the parties hereto; and provided further that nothing in the foregoing provisions of this Section 6.7 shall be construed as limiting, waiving, terminating or superseding the provisions of Section 6.9.

6.8 Tax Matters.

(a) Preparation and Filing of Tax Returns; Payment of Taxes.

(i) Subject to Section 6.2(b)(xvii) of this Agreement, the Company shall prepare or cause to be prepared and timely file or cause to be timely filed all Tax Returns of the Company that are due on or before the Closing Date and shall pay or cause to be paid all Taxes shown as due thereon. Such Tax Returns shall be prepared in accordance with the past custom and practice of the Company in preparing its Tax Returns, except as otherwise required by applicable Law.

(ii) Parent shall prepare or cause to be prepared and timely file or cause to be timely filed all Tax Returns of the Company that are due after the Closing Date and shall pay or cause to be paid all Taxes shown due thereon, without limitation to its rights to indemnification pursuant to Article VIII. Tax Returns for any Tax Period ending on or before the Closing Date and that portion of any Straddle Period through the end of the Closing Date shall be prepared in a manner consistent with prior Tax Returns, except as otherwise required by applicable Law. Parent shall permit the Equityholder Representative to review and comment on each such income Tax Return for any Tax Period ending on or before the Closing Date and that portion of any Straddle Period through the end of the Closing Date at least fifteen (15) days prior to filing and shall give due regard to any timely and reasonable comments requested by the Equityholder Representative. To the extent not expressly taken into account in determining the Initial Merger Consideration and the calculation of Adjusted Working Capital, the Equityholder Representative shall, on behalf of the Equityholders, reimburse Purchaser for any Taxes attributable to the Pre-Closing Tax Period (as determined pursuant to Section 6.8(e)) within three (3) days of demand therefor.

(b) Cooperation on Tax Matters. Parent, the Company and the Equityholder Representative shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Agreement and any audit, other administrative proceeding or inquiry or judicial proceeding with respect to Taxes (a "**Tax Contest**"). Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which may be reasonably relevant to any such Tax Contest and making appropriate persons available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Parent, the Company and the Equityholder Representative agree (A) to retain all books and records with respect to Tax matters pertinent to the Company relating to any Tax Period beginning before the Closing Date until the expiration of the applicable statute of limitations (and, to the extent notified by Parent, any extensions thereof), and to abide by all record retention agreements entered into with any Governmental Body and (B) to give the other party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, Parent, the Company and the Equityholder Representative, as the case may be, shall allow the other party to take possession of such books and records at such other party's expense.

(c) Tax Claims. If, subsequent to the Closing, Parent or the Company receives notice of a Tax Contest that, if successful, would result in an indemnity payment by the Equityholders (a "**Tax Claim**"), then within fifteen (15) days after receipt of such notice, Parent shall provide the Equityholder Representative with a copy of such notice, and if Parent fails to do so no Parent Indemnified Party shall be entitled to indemnification under this Agreement with respect to any Damages arising from such Tax Claim, unless the failure did not substantially prejudice the ability of the Equityholder Representative to assert its rights. Parent shall have the right, at its own expense, to control the conduct and resolution of any Tax Claim; provided, however, that (a) Parent shall keep the Equityholder Representative informed of all material developments on a timely basis and shall not resolve such Tax Claim without Equityholder Representative's written consent and (b) the Equityholder Representative will have the right, but not the obligation, by written notice to Parent within ten (10) days after receipt of notice of the Tax Claim to assume the defense of such Tax Claim at its own expense, in which case the Equityholder Representative shall keep Parent reasonably informed of all material developments on a timely basis and shall not resolve such Tax Claim without Parent's written consent.

(d) Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the consummation of the Transactions (collectively, "**Transfer Taxes**") shall be borne fifty percent (50%) by the Parent and fifty percent (50%) by the Equityholders, and Parent will, at its own expense, file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes.

(e) Convention for Allocating Taxes. To the extent permitted under applicable Laws, the Company shall close the taxable year of the Company as of the close of business on the Closing Date, provided that if the Company is required to file a Tax Return for a Straddle Period, the portion of Taxes for a Straddle Period that relate to the Pre-Closing Tax Period shall be calculated as though the taxable period of the Company terminated as of the close of the Closing Date; provided

further that in the case of real property, personal property and similar *ad valorem* Taxes, the portion of the Tax for a Pre-Closing Tax Period shall be equal to the amount of Tax for the entire Straddle Period multiplied by a fraction, the numerator of which is the total number of days from the beginning of the Straddle Period through (and including) the Closing Date and the denominator of which is the total number of days in the Straddle Period.

6.9 Update of Company Schedules. In the event of any matter arising at any time after the execution of this Agreement (the "**Execution Date**") that, if existing or occurring at or before the Execution Date, would have been required to be set forth or described in the Company Schedules as of the Execution Date or that is necessary to correct any information in the Company Schedules that is or has become inaccurate as a result of such matter arising at any time after the Execution Date, then the Company shall, at the Closing, deliver to Parent an amended, updated and/or supplemented version of the Company Schedules for purposes of disclosing such matter or correcting such inaccuracy. No amendment, update or supplement to any Company Schedule shall have any effect for the purposes of determining the indemnification obligations under Article VIII or satisfaction of the conditions set forth in Article VII.

6.10 Indemnification of Directors and Officers; Insurance.

(a) For a period of six (6) years from and after the Closing, Parent shall cause the Surviving Corporation to indemnify and hold harmless (including advancement of expenses) all past and present officers and directors of the Company to the same extent such persons are permitted to be indemnified by the Company as of the date of this Agreement pursuant to the Company's certificate of incorporation and bylaws, in each case, as existing on the date hereof, for acts or omissions which occurred at or prior to the Effective Time (the persons entitled to be indemnified pursuant to such indemnification provisions being referred to, collectively, as the "**Section 6.10 Indemnified Persons**" and each individually as a " **Section 6.10 Indemnified Person**"). For a period of six (6) years from and after the Closing, each of the Surviving Corporation and Parent shall cause the certificate of incorporation and bylaws of the Company to contain provisions with respect to indemnification, advancement of expenses and exculpation from liability that are at least as favorable as those set forth in the certificate of incorporation and bylaws of the Company as in effect immediately prior to the Closing, which provisions of the certificate of incorporation and bylaws of the Surviving Corporation shall not to be amended, repealed or otherwise modified for a period of six (6) years after the Closing in any manner that would adversely affect, in any material respect, the rights of any Section 6.10 Indemnified Person under such provisions (unless such amendment or modification is required by Law).

(b) Parent, in its sole discretion, either (a) shall cause the Surviving Corporation to maintain the Company's directors and officers insurance policies' as in effect immediately prior to the expiration of the Company's existing directors and officers insurance policy and lasting for a period of six (6) years after the Closing, or (b) shall cause the Surviving Corporation to obtain, at the expense of Parent or the Surviving Corporation, a non-cancellation run-off insurance policy for a period of six (6) years after the Closing, to provide insurance coverage for events, acts or omissions occurring on or prior to the Closing for all Persons who were Section 6.10 Indemnified Person on or prior to the Closing providing the same level of coverage as that in existence under

Company's directors and officers insurance policies' in effect immediately prior to the Closing; provided that, in lieu of the foregoing, and notwithstanding anything to the contrary contained in this Agreement, Parent may obtain a prepaid tail policy, which provides directors' and officers' liability insurance tail coverage for a period ending no earlier than the sixth (6th) anniversary of the Effective Time.

6.11 Exclusivity. From the date of this Agreement until the earlier of either (a) the Effective Time or (b) the termination of this Agreement, the Company (i) will not solicit, initiate or knowingly encourage any negotiations, discussions, proposals or offers from, or participate in any negotiations or discussions with, or enter into any Contract with, or provide or make available any information to, any Person other than Parent and its Affiliates and representatives, relating to any proposal or offer involving a sale or disposition of any equity interest in the Company (whether by direct or indirect sale, merger, consolidation, recapitalization, reorganization or otherwise) or any sale or disposition of any assets of the Company, other than licenses in the Ordinary Course of Business, and (ii) will notify PDI upon the receipt of any proposal, offer or inquiry involving a sale or disposition of any equity interest in the Company (whether by direct or indirect sale, merger, consolidation, recapitalization, reorganization or otherwise) or any sale or disposition of any assets of the Company, other than licenses in the Ordinary Course of Business within two (2) Business Days after receipt of such proposal, offer or inquiry.

6.12 Written Consent; Board Recommendation . The Board shall recommend the adoption of this Agreement by the Stockholders (the "**Company Recommendation**") and, except as is required by applicable Law, shall not withdraw, modify or qualify in any manner adverse to Parent the Company Recommendation. Promptly following its receipt of the Written Consent, but in no event later than two (2) Business Days following the execution of this Agreement, the Company will deliver a copy of such Written Consent constituting the Stockholder Approval to Parent, together with a certificate executed on behalf of the Company by its corporate Secretary, certifying, in his or her capacity as such, that such Written Consent constitutes the Stockholder Approval.

6.13 Termination of Agreements and Company Option Plans . The Company shall have caused the following plans and agreements to have been terminated in their entirety with no surviving obligations or liabilities with respect to the Company, as of the Effective Time:

(a) the Investors' Agreement; and

(b) the Company Option Plans.

6.14 Termination of Certain Employees . Effective as of no later than immediately prior to the Closing, the Company shall terminate the employment of each of the Employees listed on Schedule 6.14 subject to the terms and conditions of each applicable termination letter delivered in connection therewith.

6.15 PDI Observer and Board Rights . Beginning on the Closing Date, the Equityholder Representative shall have the right (the "**Observer Right**") to designate an observer to be present (whether in person or by telephone) in an observer capacity (the "**Observer**") at all meetings of the Board of Directors of PDI; provided, however, that such Observer will not be

permitted to observe that portion of the meeting which would cause a conflict of interest to exist or would waive the attorney-client privilege, as determined by the Board of Directors of PDI in its reasonable discretion and the costs and expenses incurred in connection with the Observer Right, including, but not limited to, the Observer's travel and lodging in connection with his or her attendance at meetings of the Board of Directors of PDI shall be borne by PDI (provided that the Observer shall not receive any fees otherwise paid to voting members of the PDI Board of Directors). The Equityholder Representative shall initially appoint Dr. Dennis M. Smith, Jr. ("**Dr. Smith**") as the initial Observer and shall not remove Dr. Smith as long as he is able and willing to serve as the Observer. In the event that Dr. Smith is unable or unwilling to serve as the Observer, the Equityholder Representative shall next appoint Mr. Peter Kleinhenz prior to appointing any other person to serve as Observer. In the event that Mr. Kleinhenz is unable or unwilling to serve as the Observer, the Equityholder Representative shall next appoint Ms. Kapila Ratnam prior to appointing any other person to serve as Observer. In the event that neither Dr. Smith, Mr. Kleinhenz nor Ms. Ratnam is able or willing to serve as the Observer, the Equityholder Representative will propose the names of three individuals in the order of the Equityholder Representative's preference for the selection of the next representative to serve as Observer, and PDI shall have a right to veto two of the three named individuals; the remaining individual shall then serve as the Observer. PDI shall send to such Observer all of the notices, information and other materials that are distributed to the Board of Directors of PDI and shall provide such Observer with a notice and agenda of each meeting of the Board of Directors of PDI all at the same time and in the same manner as such notices, agenda, information and other materials are provided to the members of the Board of Directors of PDI; provided that such notices, agenda, information and other materials may be withheld from the Observer to the extent disclosing such materials would cause a conflict of interest to exist or would waive the attorney-client privilege, as determined by the Board of Directors of PDI in its reasonable discretion. The Observer Right shall continue for the shortest of (i) the date at which the Equityholders hold, in the aggregate, less than fifty percent (50%) of the PDI Common Stock issued pursuant to the terms and conditions of this Agreement and the Contingent Consideration Agreement, (ii) the satisfaction of the payment obligations owed by PDI and the Parent to the Equityholder Representative under the Subordinated Note and (iii) the date that the Equityholder Representative chooses to terminate its rights.

6.16 PDI Common Stock as Merger Consideration . At such time as any Stock Consideration issued pursuant to the terms and conditions of this Agreement and the Contingent Consideration Agreement is eligible for resale pursuant to Rule 144 under the Securities Act, PDI shall use commercially reasonable efforts to promptly provide information and opinions to the applicable transfer agent necessary to facilitate a transfer pursuant to Rule 144 under the Securities Act; provided, however, that no shares of PDI Common Stock shall be issued by PDI to an Equityholder unless such Equityholder provides a certification satisfactory to PDI (in its reasonable discretion) that such Equityholder is an Accredited Investor.

6.17 Information Statement. In addition to the information required to be delivered pursuant to Section 3.7(c), on or before 5:00 p.m. Eastern Time on the date that is two (2) Business Days following the date of this Agreement, the Company shall prepare and deliver an information statement (the "**Information Statement**") to each Stockholder setting forth the material terms of the Merger and including a copy of this Agreement. The Company shall provide PDI and

its legal counsel with the opportunity to review and comment on all aspects of the Information Statement, and the Company shall revise the Information Statement to incorporate the reasonable comments of PDI or its legal counsel, prior to the delivery of the Information Statement to the Stockholders. The parties hereby agree to cooperate with each other in preparing the Information Statement. Without limiting the generality of the foregoing, nothing shall be contained in the Information Statement or any related materials with respect to any party unless approved by such party, which approval shall not be unreasonably withheld.

6.18 Contingent Consideration. Following the Closing, PDI and Parent shall use commercially reasonable efforts to achieve the Future Payments. The parties hereto agree that "commercially reasonable efforts" means those efforts that PDI and Parent would reasonably devote to products of similar market potential at a similar stage of development or product life based on conditions then prevailing and taking into account all relevant factors, including market potential, profit potential, strategic value, efficacy, safety, cost of manufacturing, competition, intellectual property, technological relevance and obsolescence, PDI's or Parent's product and service portfolio, changes in regulatory status and Law, other proprietary positions and changes in reimbursement rates, policies and procedures.

6.19 DOJ Settlement Payments. PDI, Parent and the Surviving Corporation acknowledge and agree that Surviving Corporation shall be bound by the DOJ Settlement Agreement. The Surviving Corporation shall be responsible for making payments as and when due under the DOJ Settlement Agreement and shall offset any payments made pursuant to the terms and conditions of this Agreement, including Article VIII. Notwithstanding anything to the contrary, the maximum amount due from PDI, Parent and the Surviving Corporation arising from the DOJ Settlement Agreement attributable to the calendar years 2015, 2016 and 2017 shall be Five Hundred Thousand Dollars ($500,000) and, in the event that (i) such amount is in excess of Five Hundred Thousand Dollars ($500,000) and (ii)(A) exercising a right of set-off against a portion of each Future Payment pursuant to Section 8.5 is unavailable, or (B) by December 31, 2019, the Equityholders shall reimburse Parent for the difference as soon as reasonably practicable.

ARTICLE VII

CONDITIONS TO CLOSING

7.1 Conditions Precedent to Obligations of PDI, Parent and Merger Sub . The obligations of PDI, Parent and Merger Sub to consummate the Transactions is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions precedent (any or all of which may be waived by Parent in whole or in part to the extent permitted by applicable Law):

(a) the representations and warranties of the Company set forth in Article IV that are qualified as to materiality or Company Material Adverse Effect shall be true and correct in all respects, and those not so qualified shall be true and correct in all material respects, in each case both as of the Execution Date and as of the Closing as though made at and as of the Closing (except with respect to representations and warranties of the Company in Article IV that address matters only as of an earlier date, in which case such representations and warranties qualified as to materiality

or Company Material Adverse Effect shall be true and correct in all respects, and those not so qualified shall be true and correct in all material respects, on and as of such earlier date);

(b) the Company shall have performed and complied in all material respects with all obligations and agreements required in this Agreement to be performed or complied with by them on or prior to the Closing Date;

(c) there shall not have occurred a Company Material Adverse Effect since the Balance Sheet Date that is pending or continuing;

(d) there shall not be in effect any Order by a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transactions;

(e) Parent shall have received a certificate signed by the Chief Executive Officer of the Company, each in form and substance reasonably satisfactory to Parent, dated the Closing Date, to the effect that each of the conditions specified above in Sections 7.1(a) and (b) have been satisfied in all respects;

(f) the Company shall have obtained or made any other Consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Body required to be obtained or made by it in connection with the execution and delivery of this Agreement or the consummation of the Transactions;

(g) the Company shall have obtained those Consents listed on Schedule 6.3 that the Company is required to obtain as indicated on Schedule 6.3, each such Consent to be in a form reasonably satisfactory to Parent and copies thereof shall have been delivered to Parent;

(h) the Company shall have received (and provided Parent with copies of) resignation letters executed and delivered by each of the officers and directors of the Company listed on Schedule 7.1(h) prior to the Effective Time, in each case effective as of the Effective Time;

(i) each of the Employees listed on Schedule 7.1(i) shall have entered into and executed an employment agreement in the form attached hereto as Exhibit H;

(j) each of the Persons listed on Schedule 7.1(j) shall have entered into and executed a restrictive covenant agreement in the form attached hereto as Exhibit I;

(k) each of the Employees or Independent Contractors listed on Schedule 7.1(k) shall have entered into and executed an release agreement relating to payment of any transaction or change of control bonus;

(l) the Company shall have obtained an Option Cancellation Agreement from each holder of Company Options issued pursuant to either of the Company Option Plans;

(m) the Company shall have obtained a Warrant Termination Letter from each holder of a warrant to purchase Company Common Stock upon exercise;

(n) Parent shall have received:

(i) certificates of good standing dated not more than ten (10) Business Days prior to the Closing Date with respect to the Company, issued by the Secretary of State of the State of Delaware and for each state in which the Company is qualified to do business as a foreign corporation;

(ii) an affidavit, under penalties of perjury, dated as of the Closing Date and in a form reasonably acceptable to the Parent, that the Company is not and has not been a U.S. real property holding corporation as defined in Section 897 of the Code, and that no withholding is required under Section 1445 of the Code;

(iii) copies of the Company Board Approval, certified by the Secretary of the Company, as to the authorization of this Agreement and the Transactions;

(iv) a copy of the Initial Payment Allocation Schedule and the initial Future Payment Allocation Schedule;

(v) estimates of the Estimated Adjusted Working Capital as required by Section 3.4;

(vi) copies of payment and satisfaction in full of any Indebtedness listed on Schedule 7.1(n)(vi) in a form reasonably satisfactory to Parent;

(vii) evidence reasonably satisfactory to the Parent of the termination of the Investors' Agreement and the Company Option Plans;

(viii) copies of the Merger Certificate executed by the Company; and

(ix) such other customary documents as Parent shall reasonably request in good faith for the purpose of facilitating the consummation of the Merger and the other Transactions; and

(o) the Company Board Approval shall be in full force and effect.

7.2 Conditions Precedent to Obligations of the Company. The obligations of the Company to consummate the Transactions are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions precedent (any or all of which may be waived by the Company in whole or in part to the extent permitted by applicable Law):

(a) the representations and warranties of PDI, Parent and Merger Sub set forth in this Agreement qualified as to materiality shall be true and correct in all respects, and those not so qualified shall be true and correct in all material respects, in each case as of the Execution Date and as of the Closing as though made at and as of the Closing, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to materiality shall be true and correct in all respects, and those not so qualified shall be true and correct in all material respects, on and as of such earlier date);

(b) PDI, Parent and Merger Sub shall have each performed and complied in all material respects with all obligations and agreements required by this Agreement to be performed or complied with by Parent and Merger Sub on or prior to the Closing Date;

(c) there shall not be in effect any Order by a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transactions;

(d) the Company shall have received certificates signed by the Chief Executive Officer of PDI, the Chief Executive Officer of Parent and the President of Merger Sub, in form and substance reasonably satisfactory to the Company and the Equityholder Representative, dated the Closing Date, to the effect that each of the conditions specified above in Sections 7.2(a) and 7.2(b) have been satisfied in all respects;

(e) PDI, Parent and Merger Sub shall have obtained or made any other Consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Body required to be obtained or made by them in connection with the execution and delivery of this Agreement or the consummation of the Transactions;

(f) the Surviving Corporation shall be bound by an employment agreement in the form attached hereto as Exhibit H with each of the employees listed on Schedule 7.1(i);

(g) Parent shall have delivered the Initial Merger Consideration to the Equityholder Representative for distribution to the Equityholders;

(h) the Company shall have received such customary documents from PDI, Parent and Merger Sub as the Company may reasonably request in good faith for the purpose of facilitating the consummation of the Merger and the other Transactions; PDI, the Parent, the Surviving Corporation and the Company, as the case may be, shall have executed and delivered the Contingent Consideration Agreement, the Subordinated Note, the Security Documents, the Guaranty Agreement and the Subordination Agreement; and

(i) PDI or the Parent shall have provided to the Equityholders' Representative in form and substance reasonably acceptable to the Equityholders' Representative, evidence of commitment to provide directors and officers insurance as required by Section 6.10(b) of this Agreement.

ARTICLE VIII

INDEMNIFICATION

8.1 Survival of Representations, Warranties and Covenants . The representations and warranties of the parties contained in this Agreement shall survive the Closing through and including the 18-month anniversary of the Closing Date; provided, however, that the representations and warranties (i) set forth in Sections 3.5(b) (Company Options; Company Option Plans), 4.1 (Organization and Good Standing), 4.2 (Authorization of Agreement), 4.4 (Capitalization of the

Company), 4.5 (Subsidiaries), 4.10 (Taxes) and 4.23 (Financial Advisors) (collectively, the "**Company Fundamental Representations**") shall survive the Closing for an indefinite period of time, (ii) set forth in Sections 4.13 (Intellectual Property) and 4.15 (Employee Benefit Plans) shall survive the Closing until the date that is three (3) years after the Closing, (iii) set forth in Section 4.18 (Compliance with Laws; Regulatory Matters) shall survive the Closing until the date that is two (2) years after the Closing and (iv) set forth in Sections 5.1 (Organization and Good Standing), 5.2 (Authorization of Agreement) and 5.4 (Financial Advisors) (collectively, the "**Parent Fundamental Representations**") shall survive the Closing for an indefinite period of time. All covenants and agreements of the parties contained in this Agreement shall survive the Closing for an indefinite period of time unless and until such covenants or agreements expire or terminate in accordance with their respective terms. Each representation, warranty, covenant or agreement set forth in this Agreement shall expire and terminate at the end of the applicable survival period of such representation, warranty, covenant or agreement as specified above in this Section 8.1; provided, however, that no representation, warranty, covenant or agreement of any party contained in this Agreement shall expire or terminate with respect to any claim or Losses as to which the Person to be indemnified in connection with the failure or breach of such representation, warranty, covenant or agreement shall have given notice (stating in reasonable detail the basis of the claim for indemnification) to the indemnifying party in accordance with this Article VIII before the expiration or termination of the survival period applicable to such representation, warranty, covenant or agreement as specified in this Section 8.1.

8.2 Indemnification.

(A) From and after the Closing, and subject to the terms and conditions set forth in this Article VIII, each Equityholder, severally on a pro-rata basis based upon such Equityholder's Pro-Rata Merger Consideration Percentage (provided that indemnification satisfied by an off-set against Future Payments pursuant to Section 8.5 shall be indemnified by each Equityholder on a joint and several basis and provided further that the Future Payment Allocation Schedule shall be amended to reflect any such offset), hereby agrees to indemnify and hold PDI, Parent, the Surviving Corporation, and their respective directors, officers, employees, Affiliates, stockholders, agents, attorneys, representatives, successors and assigns (collectively, the "**Parent Indemnified Parties**") harmless from and against, and pay to the applicable Parent Indemnified Parties the amount of, any and all Losses:

(i) based on, attributable to or resulting from the failure of any of the representations or warranties made by the Company in Article IV of this Agreement to be true and correct as of the date hereof and at and as of the Closing Date;

(ii) based on, attributable to or resulting from the breach on the part of the Company of any covenant or other agreement contained in this Agreement;

(iii) based on or attributable to (A) all Taxes (or non-payment thereof) of Company for all Pre-Closing Tax Periods, (B) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which Company (or any predecessor) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulations Section 1.1502-6, and (C) all Taxes

of any Person (other than Company) imposed on Company or the Surviving Corporation as a transferee or successor, by contract or pursuant to law, or otherwise; and

(iv) based upon, attributable to or resulting from § any breach by any officer or director of the Company of any fiduciary duty owed by such officer or director to any Equityholder, which breach occurred prior to, in connection with or as a result of the Merger and the Transactions, § any claim by any Person claiming to be entitled to a payment of any portion of the Merger Consideration as a result of the Transactions, other than any claims (x) relating to PDI's or Parent's failure to pay any portion of the Merger Consideration pursuant to this Agreement, and (y) against PDI or Parent arising under this Article VIII, § any claim or Liability relating to any employee or consultant, or former employee or consultant, of the Company relating to or arising out of such individual's employment (or service) or termination thereof by the Company prior to the Closing (to the extent not reflected in the Actual Adjusted Working Capital), § appraisal or dissenters' rights under the DGCL of any Stockholders with respect to the Transactions, § any Indebtedness not satisfied pursuant to Section 7.1(n)(vi), § the DOJ Settlement Agreement attributable to the calendar year 2014 (to the extent not reflected in the Actual Adjusted Working Capital), § the DOJ Settlement Agreement attributable to the calendar years 2015, 2016 and 2017 in excess of Five Hundred Thousand Dollars ($500,000) in the aggregate, or § the Company's failure to satisfy its obligations pursuant Section 3.5(b) (Company Options; Company Option Plans).

(b) From and after the Closing, and subject to the terms and conditions set forth in this Article VIII, Parent hereby agrees to indemnify and hold each of the Equityholders, the Equityholder Representative and each of their respective Affiliates, stockholders, agents, attorneys, representatives, successors and permitted assigns (collectively, the "**Equityholder Indemnified Parties**") harmless from and against, and pay to the applicable Equityholder Indemnified Parties the amount of any and all Losses:

(i) based on, attributable to or resulting from the failure of any of the representations or warranties made by PDI, Parent and Merger Sub in this Agreement or in any Parent Document to be true and correct at the date hereof and as of the Closing Date;

(ii) based on, attributable to or resulting from the breach of any covenant or other agreement on the part of PDI, Parent or Merger Sub under this Agreement; and

(iii) based on, attributable to or resulting from the item listed on Schedule 8.2(b)(iii).

8.3 Indemnification Procedures.

(a) A claim for indemnification for any matter not involving a third party claim may be asserted by notice to the party from whom indemnification is sought; provided, however, that failure to so notify the indemnifying party shall not preclude the indemnified party from any indemnification which it may claim in accordance with this Article VIII except and only to the extent that, the indemnifying party demonstrates actual material damage caused by such failure, and then only to the extent thereof.

(b) In the event of a Third Party Claim, the indemnified party shall promptly cause written notice of the assertion of any Third Party Claim of which it has knowledge which is covered by this indemnity to be forwarded to the indemnifying party. The failure of the indemnified party to give reasonably prompt notice of any Third Party Claim shall not release, waive or otherwise affect the indemnifying party's obligations with respect thereto except to the extent that the indemnifying party can demonstrate actual loss and prejudice as a result of such failure, and then only to the extent thereof. Subject to the provisions of this Section 8.3, the indemnifying party shall have the right, at its sole expense, to be represented by counsel of its choice, which must be reasonably satisfactory to the indemnified party, and to conduct and control the defense of, negotiate, settle or otherwise deal with, any Third Party Claim which relates to any Losses indemnified against hereunder; provided that the indemnifying party shall have acknowledged in writing to the indemnified party its unqualified obligation to indemnify the indemnified party as provided hereunder. If the indemnifying party elects to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified by it hereunder, it shall within thirty (30) days of the indemnified party's written notice of the assertion of such Third Party Claim (or sooner, if the nature of the Third Party Claim so requires) notify the indemnified party of its intent to do so; provided that the indemnifying party must conduct the defense of the Third Party Claim actively and diligently thereafter in order to preserve its rights in this regard. If (i) the indemnifying party elects not to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified against hereunder, (ii) the indemnifying party fails to notify the indemnified party of its election as herein provided or contests its obligation to indemnify the indemnified party for such Losses under this Agreement, or (iii) in the case of any Third Party Claim which seeks an injunction (including specific performance) against any Parent Indemnified Party, the indemnified party may defend against, negotiate, settle or otherwise deal with such Third Party Claim and the indemnifying party may still participate in, but not control, the defense of such Third Party Claim. If the indemnifying party assumes such defense as provided in this Section 8.3(b), the indemnifying party will not be liable (and the indemnified party may not seek indemnification under this Article VIII) for any legal expenses incurred by any indemnified party in connection with the defense of such claim. If the indemnifying party does not assume the defense of any Third Party Claim and the indemnified party defends such Third Party Claim, then the reasonable out of pocket expenses of counsel for such indemnified party with respect to defending such Third Party Claim shall constitute Losses for which such indemnified party may seek indemnification under this Article VIII if such indemnified party is entitled to indemnification under this Article VIII with respect to such Third Party Claim. If the indemnifying party shall assume the defense of any Third Party Claim, the indemnified party may participate, at his or its own expense, in the defense of such Third Party Claim; provided, however, that such indemnified party shall be entitled to participate in any such defense with separate counsel at the expense of the indemnifying party if in the reasonable opinion of counsel to the indemnified party, a conflict or potential conflict exists between the indemnified party and the indemnifying party that would make such separate representation advisable; and provided further that the indemnifying party shall not be required to pay for more than one such counsel for all indemnified parties in connection with any Third Party Claim. The parties hereto agree to provide reasonable access to the other to such documents and information as may be reasonably requested in connection with the defense, negotiation or settlement of any such Third Party Claim; provided that the Parent Indemnified Parties shall not be obligated to provide information or documents that are subject to attorney-client privilege, attorney work-

product or other information or documents regarding a Parent Indemnified Party's strategy regarding the obligations of the indemnifying party with respect to such Third Party Claim, unless and until the relevant Parent Indemnified Parties and the Equityholder Representative have entered into a joint-defense agreement or other such arrangement permitting the confidential sharing of such information or documents, which each agrees to use commercial reasonable efforts to execute and deliver promptly. Notwithstanding anything in this Section 8.3 to the contrary, neither the indemnifying party nor the indemnified party shall, without the written consent (such consents not to be unreasonably withheld, conditioned or delayed) of the other party, settle or compromise any Third Party Claim or permit a Default or Consent to entry of any judgment unless the claimant or claimants and such party provide to such other party an unqualified release from all liability in respect of the Third Party Claim. If the indemnifying party makes any payment on any Third Party Claim, the indemnifying party shall be subrogated, to the extent of such payment, to all rights and remedies of the indemnified party to any insurance benefits or other claims of the indemnified party with respect to such Third Party Claim. To the extent the Third Party Claim is a Tax Claim, the procedures in Section 6.8(c) shall control, and not those in this Section 8.3(b).

(c) After any final decision, judgment or award shall have been rendered by a Governmental Body of competent jurisdiction and the expiration of the time in which to appeal therefrom, or a settlement shall have been consummated, or the indemnified party and the indemnifying party shall have reached a written agreement, in each case with respect to an indemnifiable claim hereunder, the indemnified party shall forward to the indemnifying party notice of any sums due and owing by the indemnifying party pursuant to this Agreement with respect to such matter and the indemnifying party shall pay or satisfy all of such remaining sums so due and owing to the indemnified party in accordance with Sections 8.4 and 8.6.

8.4 Limitations on Indemnification.

(a) No Equityholder shall have any liability under Section 8.2(a)(i) unless the aggregate amount of Losses incurred by the Parent Indemnified Parties and indemnifiable pursuant to Section 8.2(a)(i) exceeds an amount equal to Three Hundred Thousand Dollars ($300,000) (the "**Threshold**") and, in such event, the Equityholders shall be required to pay, subject to all of the limitations set forth in this Section 8.4, the amount of all Losses; provided that the Threshold shall not apply to Losses related to fraud or the failure to be true and correct of any of the Company Fundamental Representations.

(b) Parent shall not have any liability under Section 8.2(b)(i) unless the aggregate amount of Losses incurred by the Equityholder Indemnified Parties and indemnifiable pursuant to Section 8.2(b)(i) exceeds an amount equal to the Threshold and, in such event, Parent shall be required to pay, subject to all of the limitations set forth in this Section 8.4, the amount of all Losses; provided that the Threshold shall not apply to Losses related to fraud or the failure to be true and correct of any of the Parent Fundamental Representations.

(c) No Losses shall be recoverable by the Parent Indemnified Parties under Section 8.2(a)(i) in excess of an amount equal to Three Million Dollars ($3,000,000) (the "**Cap**"); provided that the Cap limitation shall not apply to Losses related to fraud or the failure to be true and correct of any of the Company Fundamental Representations.

(d) No Losses shall be recoverable by the Equityholder Indemnified Parties under Section 8.2(b)(i) in excess of the Cap; provided that the Cap limitation shall not apply to Losses related to fraud or the failure to be true and correct of any of the Parent Fundamental Representations.

(e) No Parent Indemnified Parties shall make any claim for, or have any right to, indemnification under Section 8.2(a) in connection with any failure or breach of any representation, warranty, covenant or agreement otherwise subject to indemnification thereunder unless such claim for indemnification is made prior to the expiration or termination of such representation, warranty, covenant or agreement pursuant to Section 8.1 other than claims made prior to such expiration or termination and are pending as of such expiration or termination.

(f) Solely for purposes of calculating the amount of Losses that are subject to indemnification pursuant to this Article VIII based upon, attributable to or resulting from the failure or breach of any representation, warranty, covenant or agreement contained in this Agreement, any materiality or Company Material Adverse Effect qualifications in such representation, warranty, covenant or agreement shall be disregarded. Any materiality or Company Material Adverse Effect qualifications in any representation, warranty, covenant or agreement contained in this Agreement shall be given full force and effect for purposes of determining whether there has been any failure or breach of such representation, warranty, covenant or agreement that entitles an indemnified party to make a claim for indemnification under this Article VIII.

(g) After the Closing, the Equityholders shall have no right of contribution or other recourse against PDI, Parent or the Surviving Corporation or its respective directors, officers, employees, Affiliates, agents, attorneys, representatives, assigns or successors for any breach of any representation, warranty, covenant or agreement of the Company, it being acknowledged and agreed that the covenants and agreements of the Company, to the extent they are required to be performed prior to or at the Closing, are solely for the benefit of Parent Indemnified Parties.

(h) For the avoidance of doubt, there shall be no liability in connection with any claim for indemnification under this Article VIII by any Parent Indemnified Party with respect to any matter to the extent that such matter has already been taken into account and reflected in full in calculating the Purchase Price Adjustment in accordance with Article III (it being understood and agreed by the parties that their intent in this Section 8.4(h) is to agree to avoid duplicative claims or adjustments for the same Losses).

8.5 Set-off. PDI, Surviving Corporation or Parent shall first satisfy any claim with respect to indemnifiable Losses under this Article VIII by exercising a right of set-off against a portion of each Future Payment that would thereafter otherwise be payable to the Equityholders pursuant to the Subordinated Note or Contingent Consideration Agreement and thereafter by seeking indemnification directly from the Equityholders; provided, however, that PDI, Surviving Corporation and Parent may not satisfy Losses arising from Section 8.2(a)(iv)(G) by seeking indemnification directly from the Equityholders until December 31, 2019; provided, further, however, that to the extent that Liabilities under the DOJ Settlement Agreement attributable to the calendar year 2014 are less than Five Hundred Thousand Dollars ($500,000) (and to the extent not reflected in the Actual Adjusted Working Capital) (such amount, the "**DOJ Settlement Shortfall**"),

the DOJ Settlement Shortfall shall be used to offset any claims by PDI or Parent with respect to indemnifiable Losses under this Article VIII but in no event shall any such offsets be, in the aggregate, in excess of the DOJ Settlement Shortfall . In the event that indemnifiable Losses under this Article VIII are satisfied by exercising a right of set-off against amounts owing under the Subordinated Note, the principal amount owing under the Subordinated Note shall be reduced by the amount of the indemnifiable Loss and scheduled payments under the Subordinated Note shall be reduced by an amount equal to the amount of the indemnified Loss divided by the number of payments remaining to be made under the Subordinated Note. In the event that indemnifiable Losses under this this Article VIII are satisfied by exercising a right of set-off against shares issuable pursuant to the Contingent Consideration Agreement, the number of shares issuable shall be reduced in an amount as determined by the PDI Common Stock Market Value.

8.6 Payment of Claims. In the event of any claim for indemnification pursuant to Section 8.2 hereof, the indemnified party will advise the indemnifying party in writing with reasonable specificity, to the extent known, of the amount and circumstances surrounding such claim. If, after the indemnified party delivers a claim for indemnification to the indemnifying party in accordance with the immediately preceding sentence of this Section 8.6 the indemnifying party accepts such claim in writing, the full amount thereof shall be satisfied by PDI exercising a right of set-off against any unpaid Future Payment that is otherwise due and payable by PDI or Parent pursuant to the Contingent Consideration Agreement, and (ii) with respect to any Equityholder Indemnified Party, by Parent making a cash payment to the Equityholder Representative for distribution to the Equityholders promptly after Parent has accepted such claim for indemnification, which cash payment shall be in accordance with the Future Payment Allocation Schedule that is applicable to such payment and shall be made by wire transfer of immediately available funds. If, within thirty (30) days after the indemnified party delivers a claim for indemnification to the indemnifying party in accordance with the first sentence of this Section 8.6, Section 8.3(a) or Section 8.3(b), the indemnifying party has not accepted such claim for indemnification, then, (A) if the indemnified party is a Parent Indemnified Party, such claim may be satisfied by exercising a right of set-off of any additional sums due and owing to any Parent Indemnified Party against any Future Payment that is due and payable by PDI, Surviving Corporation or Parent pursuant to the Subordinated Note or the Contingent Consideration Agreement and, in the event of an offset against amounts owing pursuant to the Subordinated Note, payments under the Subordinated Note shall be reduced by an amount equal to the amount of the indemnified Loss divided by the number of payments remaining to be made under the Subordinated Note, and (B) if the indemnified party is either a Parent Indemnified Party or a Equityholder Indemnified Party, such indemnified party may commence an action or proceeding in a court of competent jurisdiction seeking to enforce the indemnified party's right to indemnification subject to, and in accordance with, the provisions of this Article VIII.

8.7 Tax Treatment of Indemnity Payments. PDI, Parent and the Equityholders agree to treat any indemnity payment made pursuant to this Article VIII as an adjustment to the Merger Consideration for all income tax purposes to the extent permitted by Law.

8.8 Sole and Exclusive Remedy. From and after the Closing Date, the indemnification provisions contained in this Article VIII shall be the sole and exclusive remedy

following the Closing as to all money damages or amounts which otherwise might be due under the indemnification provisions contained, and for any breach of any provision contained in, this Agreement, or otherwise for any action arising out of the subject matter of this Agreement (it being understood and agreed that nothing in this Section 8.8 or elsewhere in this Agreement shall affect the parties' rights to specific performance or other equitable remedies to enforce the parties' obligations under this Agreement and it being further understood and agreed that nothing in this Section 8.8 shall limit the rights or remedies, at law or in equity, of any Person against any other Person for such other Person's common law fraud or intentional misrepresentation in bad faith.

ARTICLE IX

TERMINATION

9.1 Termination of Agreement. This Agreement may only be terminated prior to the Closing as follows:

(a) At the election of the Equityholder Representative or Parent on or after October 31, 2014 (the "**Termination Date**"), if the Closing shall not have occurred by the close of business on such date, provided that (i) in the case of any such termination by the Equityholder Representative, the Equityholders are not in material breach of any of their covenants or agreements hereunder and (ii) in the case of any such termination by Parent, Parent is not in material breach of any of its covenants or agreements hereunder;

(b) by mutual written consent of the Company and Parent;

(c) by the Company or Parent if there shall be in effect a final nonappealable Order of a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transactions; provided, however, that the right to terminate this Agreement under this Section 9.1(c) shall not be available to a party if such Order was primarily due to the failure of such party to perform any of its obligations under this Agreement;

(d) by Parent (provided that it is not then in material breach of any of its representations, warranties, covenants or agreements under this Agreement) if the Company shall have breached or failed to perform any of its representations, warranties, covenants or agreements set forth in this Agreement, or if any representation or warranty of the Company shall have become untrue, in either case such that the conditions set forth in Sections 7.1(a) or 7.1(b) would not be satisfied and such breach or failure to perform is incapable of being cured or, if capable of being cured, shall not have been cured within fifteen (15) days following receipt by the Equityholder Representative of notice of such breach from Parent;

(e) by the Company (provided that the Company is not then in material breach of any of its representations, warranties, covenants or agreements under this Agreement) if Parent shall have breached or failed to perform any of its representations, warranties, covenants or agreements set forth in this Agreement, or if any representation or warranty of Parent shall have become untrue, in either case such that the conditions set forth in Sections 7.2(a) or 7.2(b) would not be satisfied and such breach or failure to perform is incapable of being cured or, if capable of

being cured, shall not have been cured within fifteen (15) days following receipt by Parent of notice of such breach from the Company; or

(f) by Parent if the Company has not by 5:00 P.M. Eastern Time on the second (2nd) Business Day following the execution of this Agreement, obtained the Stockholder Approval.

9.2 Procedure Upon Termination. In the event of termination and abandonment by Parent or the Equityholder Representative, or both, pursuant to Section 9.1, written notice thereof shall forthwith be given to the other party or parties, and this Agreement shall terminate without any further action.

9.3 Effect of Termination. In the event that this Agreement is validly terminated as provided herein, then each of the parties shall be relieved of their duties and obligations arising under this Agreement after the date of such termination and such termination shall be without liability to PDI, Parent, any Equityholder or the Company; provided, however, that the obligations of the parties set forth in Section 6.6, this Section 9.3 and Article X shall survive any such termination and shall be enforceable hereunder; provided further, however, that nothing in this Section 9.3 shall relieve PDI, Parent or the Company of any liability for a breach of this Agreement prior to the effective date of termination.

ARTICLE X
MISCELLANEOUS

10.1 Expenses. PDI, Parent and Merger Sub shall bear their own expenses, and the Company shall bear its own expenses (including any portion of such expenses that benefit or are for the benefit of the Equityholders), in either case to the extent incurred in connection with the negotiation and execution of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the Transactions.

10.2 Equityholder Representative.

(a) Upon requisite approval of the Stockholder Approval, RedPath Equityholder Representative, LLC is hereby appointed to serve as Equityholder Representative, including as the agent and attorney-in-fact of each Equityholder, with full power of substitution and authority to act (including by executing, delivering and filing documents, agreements and instruments) in the name of, for, and on behalf of such Equityholders with respect to all matters arising in connection with this Agreement and the Transactions, including the receipt and distribution of all the consideration that such Equityholders are entitled to receive pursuant to the terms and conditions of this Agreement, and to act on behalf of each such Equityholder in any amendment of or litigation or arbitration involving this Agreement and to do or refrain from doing all such further acts and things, and to execute all such documents, as such Equityholder Representative shall deem necessary or appropriate in conjunction with any of the Transactions, including the power:

(i) to take all action necessary or desirable in connection with the waiver of any condition to the obligations of the Equityholders to consummate the Transactions;

(ii) to take all action necessary or desirable for and on behalf of the Equityholders in connection with this Agreement and to take all action expressly contemplated, permitted or reserved to be taken by the Equityholder Representative under this Agreement;

(iii) to object to, negotiate, assume and control the defense of, and settle, claims for indemnification made against the Equityholders pursuant to Article VIII;

(iv) to deliver Merger Consideration received from or on behalf of PDI or Parent, allocated among the Equityholders pursuant to, and in accordance with, the terms and conditions of this Agreement;

(v) to take all actions necessary or appropriate in the judgment of the Equityholder Representative to enforce (including by seeking legal or equitable remedies against PDI, Parent, Merger Sub or the Surviving Corporation by or on behalf of the Equityholders) this Agreement, the obligations of PDI, Parent, Merger Sub or the Surviving Corporation hereunder and thereunder;

(vi) to make, prosecute, negotiate and settle claims for indemnification for and on behalf of the Equityholders against PDI, Parent, Merger Sub or the Surviving Corporation pursuant to this Agreement;

(vii) to negotiate, execute and deliver all ancillary agreements, statements, certificates, statements, notices, approvals, extensions, waivers, undertakings, amendments and other documents required or permitted to be given in connection with the consummation of the Transactions contemplated by this Agreement (it being understood that such Equityholder shall execute and deliver any such documents which the Equityholder Representative agrees to execute);

(viii) to negotiate, execute and deliver any amendment or amendments to this Agreement;

(ix) to terminate this Agreement if the Equityholders are entitled to do so;

(x) to give and receive all notices and communications to be given or received under this Agreement and to receive , including service of process in connection with arbitration;

(xi) to take all actions which under this Agreement may be taken by the Equityholders and to do or refrain from doing any further act or deed on behalf of the Equityholders which the Equityholder Representative deems necessary or appropriate in his sole discretion relating to the subject matter of this Agreement as fully and completely as such Equityholder could do if personally present; and

(xii) to take all actions necessary or appropriate in the judgment of the Equityholder Representative for the accomplishment of the foregoing clauses (i) – (xi).

(b) If RedPath Equityholder Representative, LLC becomes unwilling or unable to serve as Equityholder Representative, such other Person or Persons as may be designated by RedPath Equityholder Representative, LLC shall succeed as the Equityholder Representative.

(c) All decisions and actions by the Equityholder Representative shall be binding upon all of the Equityholders and no such Equityholder shall have the right to object to, dissent from, protest or otherwise contest the same.

(d) Each Equityholder that accepts payment of any consideration in respect of the Merger as contemplated herein shall be deemed by such acceptance of payment to have agreed to be bound by, as if a signatory hereto.

(e) The Equityholder Representative shall receive no compensation for services under this Agreement. The fees, costs and expenses of the Equityholder Representative incurred following the Effective Time, including any fees and expenses incurred by it in connection with the retention of any legal counsel, experts (including expert witnesses), consultants and other representatives engaged by it whether involving a claim for indemnification or otherwise, shall be the sole responsibility of the Equityholders on a pro-rata basis. Prior to any Future Payment being made, the Equityholder Representative shall be entitled to direct Parent to remit to the Equityholder Representative, from fees and expenses otherwise payable to the Equityholders pursuant to such Future Payment, an amount equal to any fees and expenses incurred by the Equityholder Representative arising out of or in connection with the acceptance or administration of its duties under this Agreement and such amount shall be remitted to the Equityholder Representative together with payment of the balance of the Future Payment when due under the terms of this Agreement.

(f) Equityholder Representative shall not be liable to any Equityholder or Surviving Corporation for any act done or omitted under this Agreement in its capacity as the Equityholder Representative while acting in good faith, and any act done or omitted pursuant to the advice of counsel shall be conclusive evidence of such good faith. The Equityholder Representative shall be indemnified and held harmless from any and all Losses incurred by the Equityholder Representative arising out of or in connection with the acceptance or administration of its duties under this Agreement, provided that the Equityholder Representative has performed such duties without gross negligence or bad faith on its part, and provided further that no Equityholder shall be personally liable for any such indemnification of the Equityholder Representative.

(g) Any notice or communication delivered by PDI, Parent, Merger Sub or the Surviving Corporation to the Equityholder Representative shall, as between PDI, Parent, Merger Sub and the Surviving Corporation, on the one hand, and the Equityholders, on the other hand, be deemed to have been delivered to all Equityholders. Parent, Merger Sub and the Surviving Corporation shall be entitled to rely exclusively upon any communication or writings given or executed by the Equityholder Representative in connection with any matters hereunder and shall not be liable in any manner whatsoever for any action taken or not taken in reliance upon the actions taken or not taken or communications or writings given or executed by the Equityholder Representative. PDI, Parent, Merger Sub and the Surviving Corporation shall be entitled to disregard

any notices or communications given or made by the Equityholders in connection with any claims for indemnity unless given or made through the Equityholder Representative.

(h) The power of attorney granted in this Section 10.2 and all authority hereby conferred is granted and shall be irrevocable and shall not be terminated by any act of any Equityholder or by operation of Law. Each Equityholder hereby confirms each and every action to be taken by the Equityholder Representative pursuant to this power of attorney as if it were its own and waives any right to make any claim against the Equityholder Representative that may arise, directly or indirectly, as a result of the Equityholder Representative's actions by virtue of this power of attorney.

(i) Each Equityholder who votes in favor of the adoptions of the Transactions pursuant to the terms of this Agreement, by such vote and without any further action, and each Equityholder who receives any Merger Consideration in connection with the Transactions, by acceptance thereof and without any further action, confirms such appointment and authority of the Equityholder Representative as described herein.

(j) Each Equityholder acknowledges and agrees that the Equityholder Representative has not represented and will not represent the Equityholders, or any of them, in the negotiation or execution of this Agreement. Each Equityholder represents and warrants to the Equityholder Representative that he has been advised to consult with his own legal, tax and financial advisors, and that he is not relying upon advice from the Equityholder Representative. The duties of the Equityholder Representative are limited to those specifically described in this Agreement.

(k) In performance of its duties, the Equityholder Representative shall be entitled to rely upon the Company Schedules, and upon the representations and warranties made by the Company, as correct and complete. The Equityholder Representative may rely upon as correct the information supplied to him by the Company or Parent, and its or their respective professional advisers (such as attorneys and accountants). In determining the ownership percentages and the amounts due to each Equityholder, the Equityholder Representative may rely upon Schedule 4.4(a) of the Company Schedules, as it exists as of the time of Closing. Each Equityholder shall be responsible for informing the Equityholder Representative of his/her correct address and for notifying the Equityholder Representative in writing of any change of address or contact information.

(l) The Equityholder Representative may create an escrow account of up to Six Hundred Thousand Dollars ($600,000) (the "**Equityholder Representative Fund**"), to be used to fund expenses of the Equityholder Representative in carrying out its duties as Equityholder Representative, including, without limitation, fees and expenses of attorneys, accountants, investment advisors, brokers, market makers and other professionals or providers of service that are engaged, consulted or hired by the Equityholder Representative in connection with the performance of its duties hereunder. The Equityholder Representative Fund shall be funded with proceeds of the Initial Merger Consideration and the Equityholder Representative may use the Equityholder Representative Fund as provided in this Article X to fulfill its duties as the Equityholder Representative. The Equityholder Representative shall release and pay any funds remaining in the Equityholder Representative Fund to the Equityholders in accordance with the Contingent Consideration Agreement within thirty (30) days after all duties and obligations of the Equityholder

Representative under this Agreement, the Contingent Consideration Agreement has been satisfied in full, in the reasonable discretion of the Equityholder Representative.

10.3 Specific Performance. The Company and Parent acknowledge and agree that a breach of this Agreement would cause irreparable damage to the Company or Parent, as applicable, and that each such party will not have an adequate remedy at law. Therefore, the obligations of the Company, PDI, Parent and Merger Sub under this Agreement, shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. Such remedies shall, however, be cumulative and not exclusive and shall be in addition to any other remedies which any party may have under this Agreement or otherwise.

10.4 Submission to Jurisdiction; Consent to Service of Process; Waiver of Jury Trial .

(a) The parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of any federal or state court located within the State of Delaware over any dispute arising out of or relating to this Agreement or any of the Transactions and each party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action proceeding related thereto may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by delivery of a copy thereof in accordance with the provisions of Section 10.7.

(c) THE PARTIES TO THIS AGREEMENT EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. THE PARTIES TO THIS AGREEMENT EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

10.5 Entire Agreement; Amendments and Waivers . This Agreement (including the schedules and exhibits hereto) and the Related Documents represent the entire understanding

and agreement between the parties hereto with respect to the subject matter hereof and can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought; provided, however, that, from and after the Closing, the Equityholder Representative shall be authorized to execute any such written instrument by and on behalf of any and all Equityholders against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law. Notwithstanding anything to the contrary in this Section 10.5, following receipt of the Stockholder Approval, no amendment, modification or supplement to this Agreement that under applicable Law requires the further approval of the Stockholders shall be made without first obtaining such approval.

10.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and performed in such state, without regard to the conflicts of law principles of any jurisdiction.

10.7 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by facsimile (with written confirmation of transmission) or (iii) one (1) Business Day following the day sent by overnight courier (with written confirmation of receipt), in each case at the following addresses and facsimile numbers (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision):

If to the Company, any Equityholder or the Equityholder Representative, to:

Radnor Financial Center
555 E. Lancaster Avenue, Suite 520
Radnor, Pennsylvania 19087
Facsimile: 610.567.2388
Attention: Brian Murphy

With a copy, which shall not constitute notice, to:

Buchanan Ingersoll & Rooney, PC
301 Grant Street, 20th Floor
Pittsburgh, Pennsylvania 15219

Facsimile: 412.562.1041
Attention: Craig S. Heryford, Esq.

If to PDI, Parent, Merger Sub or the Surviving Corporation, to:

PDI, Inc.
Morris Corporate Center 1, Building A
300 Interpace Parkway
Parsippany, NJ 07054
Facsimile: 862.207.7899
Attention: Graham G. Miao

With a copy, which shall not constitute notice, to:

Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103
Facsimile: 866.422.3671
Attention: Steven J. Abrams, Esq. and John P. Duke, Esq.

10.8 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the Transactions are consummated as originally contemplated to the greatest extent possible.

10.9 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Agreement except as provided below. If the Closing is consummated, the provisions of this Agreement (including Article III and Article VIII) that pertain to Equityholders are intended, and shall be, for the benefit of those Equityholders that are not parties to this Agreement as third party beneficiaries. No assignment of this Agreement or of any rights or obligations hereunder may be made by any party to this Agreement (by operation of law or otherwise) without the prior written consent of the other parties hereto and any attempted assignment without the required consents shall be void. From and after the Closing, the Equityholder Representative shall be authorized to execute, for and on behalf of each Equityholder, any written consent by such Equityholder to any assignment by any other party to this Agreement as required by the foregoing provisions of this Section 10.9. Notwithstanding the foregoing, (a) PDI or Parent may assign its rights and obligations under this Agreement to any Affiliate of PDI or Parent; and (b) any or all of the rights and interests of PDI, Parent and the Surviving Corporation under this Agreement (i) may be assigned to any purchaser of substantially all of the assets of PDI, Parent or any of their Affiliates,

(ii) may be assigned as a matter of Law to the surviving entity in any merger, consolidation, share exchange or reorganization involving PDI, Parent or any of their Affiliates, and (iii) may be assigned as collateral security to any lender or lenders (including any agent for any such lender or lenders) or to any assignee or assignees of such lender, lenders or agent; provided that in the case of clause (a) and subclause (b)(i), PDI or Parent, as applicable shall remain responsible for its obligations set forth in this Agreement.

10.10 Non-Recourse. No past, present or future director, officer, employee, agent, attorney or representative of PDI or Parent shall have any liability for any obligations or liabilities of PDI or Parent under this Agreement or for any claim based on, in respect of, or by reason of, the Transactions. No past, present or future director, officer, employee, agent, attorney or representative of Company or any Equityholder shall have any liability for any obligations or liabilities of Company or such Equityholder under this Agreement or for any claim based on, in respect of, or by reason of, the Transactions.

10.11 Counterparts. This Agreement may be executed in one or more counterparts, including execution by facsimile or other electronic means, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

**** REMAINDER OF PAGE INTENTIONALLY LEFT BLANK****

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

PDI, INC.

By: /s/ Nancy Lurker
Name: Nancy Lurker
Title: Chief Executive Officer

INTERPACE DIAGNOSTICS, LLC

By: /s/ Nancy Lurker
Name: Nancy Lurker
Title: Chief Executive Officer and President

REDPATH ACQUISITION SUB, INC.

By: /s/ Nancy Lurker
Name: Nancy Lurker
Title: President

[*Signature page follows*]

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

REDPATH INTEGRATED PATHOLOGY, INC.

By: /s/ Dennis M. Smith, Jr., M.D.
Name: Dennis M. Smith, Jr., M.D.
Title: President and Chief Executive Officer

REDPATH EQUITYHOLDER REPRESENTATIVE, LLC:

By: Commerce Health Ventures L.P., its member

By: /s/ Dennis M. Smith, Jr., M.D.
Name: Brian G. Murphy
Title: General Partner

EXHIBIT A

Form of Written Consent of the Stockholders

See attached.

REDPATH INTEGRATED PATHOLOGY, INC.

ACTION BY CONSENT IN WRITING
IN LIEU OF A MEETING
OF THE STOCKHOLDERS

October __, 2014

The undersigned (the "Stockholders"), constituting holders of more than (1) 50% of the Series B Convertible Participating Preferred Stock, voting on an as-converted basis (2) 66% of the Series A Convertible Participating Preferred Stock, voting on an as-converted basis and (3) a majority of the outstanding voting stock (on an as-converted basis) of RedPath Integrated Pathology, Inc. (the "Company"), a Delaware corporation, being a sufficient number of stockholders to satisfy all voting and approval thresholds under the Company's Fourth Amended and Restated Certificate of Incorporation (the "Charter"), the Investors' Agreement (as defined below), all other agreements to which the Company and one or more of the undersigned are parties, and Section 228 of the General Corporation Law of the State of Delaware, as amended (the "Law"), acting pursuant to the Law and the Bylaws of the Company, do hereby waive any and all notice requirements, including, but not limited to, the notice requirements under Section 5(m) of the Charter, and consent to the adoption of the following resolutions (this "Stockholder Consent") as though adopted at a duly noticed and called meeting of the Stockholders:

Approval of Merger and Merger Agreement

WHEREAS, the Company has been negotiating the terms and conditions of an Agreement and Plan of Merger (the "Merger Agreement"), in substantially the form attached hereto as Exhibit A, by and among (i) PDI, Inc., a Delaware corporation ("PDI"), (ii) Interpace Diagnostics, LLC, a Delaware limited liability company ("Parent"), (ii) RedPath Acquisition Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent ("Merger Sub"), (iii) the Company, and (iv) RedPath Equityholder Representative, LLC, a Delaware limited liability company, solely in its capacity as Equityholder Representative (the "Equityholder Representative"), providing for, among other things, a merger (the "Merger") pursuant to which Merger Sub would be merged with and into the Company, with the Company continuing as the surviving corporation;

WHEREAS, the Stockholders have specifically reviewed the capitalization sections of the Merger Agreement and each of them wishes to acknowledge, confirm and ratify the accuracy of the capital stock ownership interests as set forth therein;

WHEREAS, in connection with the transactions contemplated under the Merger Agreement, the Stockholders have reviewed a draft of that certain Contingent Consideration Agreement, a copy of which is attached hereto as Exhibit B (the "Contingent Consideration Agreement");

WHEREAS, the Board of Directors (the "Board") of the Company has (i) reviewed all relevant factors, including, without limitation, the terms of the Merger and the transactions related thereto and determined that the Merger, and the transactions contemplated in connection therewith, are fair to, and in the best interests of, the Company and the Company's stockholders; (ii) adopted and approved the Merger Agreement and the transactions contemplated thereby; and (iii) recommended that the Stockholders approve and adopt the Merger Agreement;

WHEREAS, the Board has caused an information statement to be prepared for the stockholders, a copy of which has been delivered to the stockholders and the receipt of which is acknowledged by the undersigned's execution hereof, which describes the Merger Agreement, the Merger and the transactions contemplated in connection therewith, and certain payments to be provided to the Company's executives in connection with the Merger.

WHEREAS, capitalized terms used but not otherwise defined in this Written Consent shall have the respective meanings set forth in the Merger Agreement; and

NOW, THEREFORE, BE IT RESOLVED**,** that the Merger Agreement, the Contingent Consideration Agreement and any and all transactions thereunder and all other agreements and documents contemplated or required to be executed and/or delivered in connection with the Merger Agreement and the Contingent Consideration Agreement (collectively referred to as the "Transaction Documents"), be and hereby are adopted and approved;

FURTHER RESOLVED, each Stockholder hereby acknowledges and agrees that his, her or its respective ownership of, or rights to acquire, capital stock of the Company is accurately stated in the Merger Agreement and hereby waives any ownership interest, or rights to acquire, capital stock of the Company not described in the Merger Agreement;

FURTHER RESOLVED, that all prior actions by any of the President & Chief Executive or [_____] of the Company (each an "Authorized Officer" and collectively, the "Authorized Officers") taken in connection with the Transaction Documents and any transactions set forth therein are hereby approved, confirmed and ratified;

FURTHER RESOLVED, that the Authorized Officers are, and any one of them is, hereby authorized to execute and deliver on behalf of the Company, any and all agreements, filings and other documents which they deem necessary or appropriate to effectuate the Transaction Documents and any transactions set forth therein; and

FURTHER RESOLVED**,** that any and all actions heretofore taken, any and all papers, instruments and documents heretofore executed, delivered and/or filed and any and all sums of money heretofore expended in the name and on behalf of the Company in connection with the foregoing resolutions are hereby ratified, confirmed and approved.

Appointment of Equityholder Representative

WHEREAS, the Stockholders desire to appoint Equityholder Representative to act on behalf of the Stockholders with respect to all provisions of the Merger Agreement, the Contingent Consideration Agreement and any other agreement or document executed by any of the Stockholders in connection with the transactions contemplated thereby.

NOW, THEREFORE, BE IT RESOLVED, that the Stockholders hereby consent to the appointment of the Equityholder Representative to act on behalf of the Stockholders pursuant to the Transaction Documents, and acknowledge and agree that the Equityholder Representative shall have the authority to represent the Stockholders for all purposes under the Transaction Documents.

Trigger of the Drag-Along Right under the Investor's Agreement

WHEREAS, the Company and certain stockholders entered into that certain Investors' Agreement dated September 25, 2006 and amended October 25, 2006 (the "Investors' Agreement");

WHEREAS, pursuant to Section 4.1 of the Investors' Agreement, the Board and holders of 66% of the shares of Series A Preferred Stock of the Company may trigger an Approved Sale (as defined in the Investors' Agreement) of the Company by voting in favor of the Merger

WHEREAS, upon the trigger of an Approved Sale, each Founder (as defined in the Investors' Agreement) and each Convertible Debt Holder (as defined in the Investors' Agreement) must vote all shares of Common Stock held by such Founder or Convertible Debt Holder in favor of the Merger and agree to waive any and all dissenters', appraisal or similar rights with respect to such Approve Sale;

WHEREAS, the Board has approved the Merger, the Stockholders comprise of holders of at least 66% of the outstanding shares of Series A Preferred and the Merger constitutes an Approved Sale for purposes of the Investors' Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Merger be and hereby is deemed an Approved Sale of the Company that all stockholders who are party to the Investors' Agreement must vote (in person, by proxy or by action by written consent, as applicable) in favor of, and adopt the Merger pursuant to their obligations under Section 4.1 of the Investors' Agreement, and must further waive any and all dissenters', appraisal and similar rights in connection with the Merger.

Termination of Investors' Agreement as of Closing

WHEREAS, PDI has requested that the Investors' Agreement be terminated upon closing of the Merger;

WHEREAS, Section 6 of the Investors' Agreement permits the parties to terminate the Investors' Agreement by written consent of the Company and Investors holding at least 66% of the Investor Shares then outstanding on an as-converted basis; and

WHEREAS, the undersigned hold at least 66% of the Investor Shares currently outstanding on an as-converted basis.

NOW, THEREFORE, BE IT RESOLVED**,** that pursuant to Section 6 of the Investors' Agreement, the Investors' Agreement be, and hereby is, terminated by the Stockholders to the fullest extent to which the Stockholders may terminate such agreement; provided, however, that such termination shall not take place until the effectiveness of the Merger, at which time the Investors' Agreement shall no longer be of further force or effect unless the Merger shall fail to take place, in which case such termination shall be null and void.

Shareholder Rights Agreement Waivers

WHEREAS, the Company and certain stockholders have entered into that certain Shareholder Rights Agreement dated September 25, 2006 and amended October 25, 2006 (the "Shareholder Agreement");

WHEREAS, pursuant to Section 2.3 of the Shareholder Agreement, each Investor (as defined therein) is provided with a right of first offer to purchase up to its Pro Rata Share (as defined therein) of all New Securities (as defined therein) that the Company may propose to sell and issue after the date of the Shareholder Agreement;

WHEREAS, pursuant to Section 5.2 of the Shareholder Agreement, the observance of any provision of the Shareholder Agreement may be waived upon the consent of Investors (as defined therein) holding at least 50% of the shares of Company on an as-converted basis; and

WHEREAS, to the extent than any transaction contemplated under the Merger Agreement could be considered an offer, sale or issuance by the Company of New Securities, the Stockholders wish to waive any and all rights of first offer to purchase any such New Securities.

NOW, THEREFORE, BE IT RESOLVED, that, pursuant to Section 5.2 of the Shareholder Agreement, the Stockholders, including the Investors, hereby waive any and all rights under the Shareholders Agreement, including any rights of first offer to purchase New Securities under Section 2.3 of the Shareholders Agreement, and the requisite notice and notice period in which to exercise such rights, in connection with any sale of New Securities under the Merger Agreement; and

FURTHER RESOLVED, that the Stockholders hereby generally waive any and all other rights provided to them under the Shareholders Agreement, including but not limited to any right to notice, in connection with any transaction contemplated in the Merger Agreement.

Approval of Interested Party Transactions

WHEREAS, pursuant to Section 144 of the DGCL, no contract or transaction (i) between the Company and any other corporation, partnership, association or other organization in which one or more of the officers or directors of the Company is an officer or director of, or (ii) in which an officer or director has a financial interest (any such party is referred to herein individually as an "Interested Party" or collectively as the "Interested Parties" and any such contract is referred to herein as an "Interested Party Transaction"), shall be void solely for that reason, or solely because the vote of any such officer or director is counted for such purpose, if: (a) the material facts of the relationship or interest of the officer or director and the Interested Party Transaction are disclosed to or are known by the Board, and the Board in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors as a group constitute less than a quorum of the Board; (b) the material facts of the relationship or interest of the officer or director and the Interested Party Transaction are disclosed to or are known by the stockholders, and the Interested Party Transaction is specifically approved in a good faith vote by a majority of disinterested stockholders entitled to vote thereon; or (c) the Interested Party Transaction is fair as to the Company as of the time it is authorized, approved or ratified by the Board and/or the stockholders;

WHEREAS, it is hereby disclosed and made known to the Stockholders that: (i) Brian Murphy is a director of the Company and is an officer, director or partner in, or has a financial interest in Commerce Health Ventures, L.P. ("CHV"); (ii) CHV is a stockholder of the Company and holder of the Company's 2013 Series C Senior Secured Convertible Notes; and (iii) CHV will receive merger consideration pursuant to the Merger Agreement and the Ancillary Documents, such that the Merger would be an Interested Party Transaction with respect to Mr. Murphy;

A. WHEREAS, it is hereby disclosed and made known to the Stockholders that: (i) Peter Kleinhenz is a director of the Company and is an officer, director or partner in, or has a financial interest in CID Equity Capital VIII, L.P. ("CID"); (ii) CID is a stockholder of the Company and holder of the Company's 2013 Series C Senior Secured Convertible Notes; and (iii) CID will receive merger consideration pursuant to the Merger Agreement and the Ancillary Documents, such that the Merger would be an Interested Party Transaction with respect to Mr. Kleinhenz;

B. WHEREAS, it is hereby disclosed and made known to the Stockholders that: (i) Dr. Dennis Smith is a holder of the Company's 2013 Series C Senior Secured Convertible Notes and will be entitled to certain severance payments and incentive compensation payments upon the consummation of the Merger; and (ii) Dr. Smith will receive merger consideration pursuant to the Merger Agreement and the Ancillary Documents, such that the Merger would be an Interested Party Transaction with respect to Dr. Smith;

C. WHEREAS, it is hereby disclosed and made known to the Stockholders that: (i) Jack Davis will be entitled to certain incentive compensation payments upon the consummation of the Merger; and (ii) Mr. Davis will receive merger consideration pursuant to the Merger Agreement and the Ancillary Documents, such that the Merger would be an Interested Party Transaction with respect to Mr. Davis; and

WHEREAS, the Board has been fully apprised of all the material facts relevant to the Merger and the Interested Party Transactions, and after careful consideration, the Board has determined that, in light of the Company's current financial and business conditions and prospects and capital needs, the uncertain conditions of the capital markets, and alternatives available to the Company at this time, it is prudent, advisable and in the best interests of the Company and its stockholders to enter into the Interested Party Transactions.

NOW, THEREFORE, BE IT RESOLVED, that the Stockholders having been fully apprised of all of the material facts relevant to the Interested Party Transactions, and having carefully considered the Company's financial and business conditions and prospects, hereby determines that the Interested Party Transactions are fair to and in the best interests of the Company and its stockholders, and hereby approves the Interested Party Transactions.

1. General

2. NOW, THEREFORE, BE IT RESOLVED, that the Authorized Officers are hereby authorized and empowered to do all such other acts and things and to negotiate, execute, acknowledge and deliver all such other agreements, documents and certificates as may in their discretion be deemed necessary or desirable to carry out the foregoing resolutions and comply with the foregoing resolutions, and all of the acts and doings of such signatories, or any one of them, which are in conformity with the intent and purpose of these resolutions, whether heretofore or hereafter taken or done, shall be and same are hereby in all respects ratified, confirmed and approved;

FURTHER RESOLVED, that this Written Consent may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same document; and

3. FURTHER RESOLVED, that this Written Consent be filed with the Secretary of the Company in the Company's minute book.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Written Consent of the Stockholders as of the date below.

EXECUTED this ____ day of _____, 2014.

STOCKHOLDER:

By: _____

EXHIBIT B

Form of Certificate of Incorporation of the Surviving Corporation

See attached.

CERTIFICATE OF MERGER

of

RedPath Acquisition Sub, Inc.
(a Delaware corporation)

with and into

RedPath Integrated Pathology, Inc.
(a Delaware corporation)

Pursuant to Section 251 of the Delaware General Corporation Law.

The undersigned corporation does hereby certify that:

FIRST: The constituent corporations (the "**Constituent Corporations**") participating in the merger herein certified (the "**Merger**") are:

(i) RedPath Acquisition Sub, Inc., which is incorporated under the laws of the State of Delaware (" **Acquisition Sub**"); and

(ii) RedPath Integrated Pathology, Inc., which is incorporated under the laws of the State of Delaware (" **RedPath**").

SECOND: An Agreement and Plan of Merger dated as of October 31, 2014 (the " **Agreement and Plan of Merger** "), by and among PDI, Inc., a Delaware corporation, Interpace Diagnostics, LLC, a Delaware limited liability company, Acquisition Sub, RedPath, and RedPath Equityholder Representative, LLC, a Delaware limited liability company, solely in its capacity as the Equityholder Representative, has been approved, adopted, certified, executed and acknowledged by each of the Constituent Corporations in accordance with the provisions of Section 251 of the Delaware General Corporation Law (the "**DGCL**").

THIRD: RedPath shall be the surviving corporation in the Merger (the " **Surviving Corporation**"). The name of the Surviving Corporation shall be amended to read "Interpace Diagnostics Corporation."

FOURTH: The Certificate of Incorporation of the Surviving Corporation shall be amended and restated in its entirety as set forth on Exhibit A, and, as so amended and restated, shall constitute the Amended and Restated Certificate of Incorporation of the Surviving Corporation.

FIFTH: The executed Agreement and Plan of Merger is on file at the principal place of business of the Surviving Corporation, the address of which is as follows:

Interpace Diagnostics Corporation
Morris Corporate Center 1, Building A
300 Interpace Parkway
Parsippany, New Jersey 07054

SIXTH: A copy of the Agreement and Plan of Merger will be furnished by the Surviving Corporation, on request and without cost, to any stockholder of either of the Constituent Corporations.

SEVENTH: The Merger shall become effective at such time as this Certificate of Merger is duly filed and accepted by the Secretary of State of the State of Delaware.

[Reminder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned corporation has caused this Certificate of Merger to be duly executed by its authorized officer.

Dated: October __, 2014

RedPath Integrated Pathology, Inc.

By: __
Name:
Title:

Exhibit A

See attached.

EXHIBIT C

Form of Contingent Consideration Agreement

See attached.

EXHIBIT D

Form of Letter of Transmittal

See attached.

LETTER OF TRANSMITTAL TO ACCOMPANY
CERTIFICATES FORMERLY REPRESENTING SHARES OF CAPITAL STOCK OR
2013 SENIOR SUBORDINATED SERIES C SECURED
CONVERTIBLE PROMISSORY NOTE
OF REDPATH INTEGRATED PATHOLOGY, INC.

surrendered in exchange for the right to receive Merger Consideration pursuant to the Merger of RedPath Acquisition Sub, Inc., a subsidiary of Interpace Diagnostics, LLC, with and into RedPath Integrated Pathology, Inc.

Deliver completed Letter of Transmittal to:

RedPath Equityholder Representative, LLC
Radnor Financial Center
555 E. Lancaster Avenue, Suite 520
Radnor, Pennsylvania 19087Attention:
Attention: Brian Murphy
Fax: 610.567.2388

With a copy to:

Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, PA 19103
Attention: Alex Gonzalez, Esq.
Fax: 800.867.1289

And:

Buchanan Ingersoll & Rooney PC
One Oxford Centre
301 Grant Street, 20th Floor
Pittsburgh, PA 15219-1410Attention:
Attention: Craig S. Heryford, Esq.
Fax: 412.562.1041

Ladies and Gentlemen:

This Letter of Transmittal ("**Letter of Transmittal**") is being delivered to you in connection with the merger (the "**Merger**") pursuant to which RedPath Acquisition Sub, Inc., a Delaware corporation ("**Merger Sub**"), will merge with and into RedPath Integrated Pathology, Inc., a Delaware corporation ("**Company**"), with the Company surviving as a wholly-owned subsidiary of Interpace Diagnostics, LLC, a Delaware limited liability company ("**Parent**"). The Merger will be consummated pursuant to the Agreement and Plan of Merger dated as of October 31, 2014 (the "**Merger Agreement**"), by and among the Company, Parent, Merger Sub, PDI, Inc., a Delaware corporation ("**PDI**") and the Equityholder Representative named therein. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Merger Agreement. Upon the terms and subject to the conditions set forth in the Merger Agreement, upon completion of the Merger, each registered holder of Company Common Stock, Company Preferred Stock and/or Convertible Notes, in exchange for the surrender and cancellation thereof (as applicable) in accordance with the terms and conditions set forth in the Merger Agreement and this Letter of Transmittal, will have the right to receive in respect of each such share of Company Common Stock and/or Company Preferred Stock and each Convertible Note, as applicable, a portion of the Merger Consideration, in each case, as determined in accordance with the Merger Agreement.

By signing and submitting this Letter of Transmittal, the undersigned hereby represents, warrants, covenants and agrees as follows:

- That the undersigned is the owner of, and has good and valid title to, the Company Capital Stock listed on this Letter of Transmittal, of record and beneficially, free and clear of all Liens (other than restrictions arising under applicable state and federal securities laws), and has the right and power to submit them for transfer with this Letter of Transmittal. The undersigned has not granted any interest in the Company Capital Stock held by the undersigned, nor has the undersigned granted any preemptive right, right of first refusal, or similar right, by Contract or otherwise, with respect to such Company Capital Stock.

- That the undersigned is the owner of, and has good and valid title to, the Convertible Notes listed on this Letter of Transmittal, of record and beneficially, free and clear of all Liens, and has the right and power to submit them for transfer with this Letter of Transmittal. The undersigned has not granted any interest in the Convertible Notes held by the undersigned. The Company Capital Stock and the Convertible Notes described above constitutes all of the interests of the Company beneficially owned or held of record by the undersigned.

- The undersigned has the requisite power and authority (and, in the case of an individual, full legal capacity) to execute and deliver this Letter of Transmittal, to perform his, her or its obligations hereunder and to consummate the transactions contemplated hereby. This Letter of Transmittal has been duly and validly executed and delivered by the undersigned and constitutes a legal, valid, and binding obligation of the undersigned enforceable against the undersigned in accordance with its terms. The execution and delivery of this Letter of Transmittal and performance by the undersigned of his, her or its obligations hereunder, the consummation of the transactions contemplated hereby and the compliance by the undersigned with any of the provisions hereof will not (i) violate the organizational documents of the undersigned, (ii) result in a violation by the undersigned of any applicable Law, (iii) require any consent of, delivery of notice to or other action by any Person, (iv) create any Lien on the Company Capital Stock or Convertible Notes delivered herewith or (v) constitute a default under any provision of any material Contract to which the undersigned is a party or to which any of its properties are bound.

- In the event that the undersigned is receiving PDI Common Stock as determined in accordance with the Merger Agreement, the undersigned acknowledges and agrees that it (i) is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"), (ii) understands that its receipt of PDI Common Stock is deemed, for securities law purposes, to be an investment in the PDI Common Stock, that the ownership of PDI Common Stock involves substantial risks and that it can bear the economic risks of the investment in the PDI Common Stock, including the possible loss of the entire investment, (iii) is acquiring PDI Common Stock for investment only, and not with a view to, or for sale in connection with, any distribution of such PDI Common Stock in violation of the Securities Act, or any rule or regulation under the Securities Act, (iv) has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the acquisition of its PDI Common Stock in connection with the transactions contemplated by the Merger Agreement and to make an informed decision with respect thereto, (v) understands that (A) the PDI Common Stock to be acquired by it hereunder have not been registered under the Securities Act or any other applicable state or other securities law and are "restricted securities" within the meaning of Rule 144 under the Securities Act, and (B) the PDI Common Stock to be acquired by it cannot be sold, transferred or otherwise disposed of unless it is subsequently registered under the Securities Act or an exemption from registration is then available and, therefore, may have to bear the economic risk of holding such PDI Common Stock for an indefinite period, (vi) is not acquiring the PDI Common Stock as a result of any advertisement, article, notice or other communication regarding the PDI Common Stock published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement, and (vii) has been furnished with the materials relating to PDI, the Merger and the PDI Common Stock which the undersigned has requested, specifically including, without limitation, all financial statements and other financial data requested, and the undersigned has been afforded the opportunity to make inquiries concerning PDI and such matters as the undersigned has deemed necessary and has further been afforded the opportunity to obtain any additional information required by the undersigned to the extent PDI possesses such information or could acquire it without unreasonable effort or expense.

- In case any further action is necessary or desirable to carry out the purposes of this Letter of Transmittal, the undersigned agrees to execute and deliver such further instruments and documents as the Equityholder Representative reasonably may request, all at the sole cost and expense of the Equityholder Representative.

- There is no Legal Proceeding pending or, to the knowledge of the undersigned, threatened involving the undersigned, the Company Capital Stock or the Convertible Notes that seeks to prohibit, enjoin or otherwise challenge or delay the consummation of the transactions contemplated hereby.

- This Letter of Transmittal shall remain in full force and effect, notwithstanding the undersigned's death or incapacity, if applicable, and shall be binding upon the undersigned's heirs, executors, administrators, personal representatives, successors and assigns.

- The undersigned agrees that the Instructions to this Letter of Transmittal constitute an integral part of this instrument and agrees to be bound thereby.

- The undersigned, effective without any further action by the undersigned or any other person, in consideration of the payment of the Merger Consideration in accordance with the terms and conditions of the Merger Agreement and upon the consummation of the transactions contemplated in and by the Merger Agreement, hereby releases, on its own behalf and on behalf of its successors and assigns, PDI, Parent, the Company, the Equityholder Representative and their respective affiliates, directors, officers, employees, partners, members, agents, advisors and representatives, and their respective successors and assigns, from any and all claims, actions, causes of action, suits, damages, judgments, expenses, demands and other obligations or liabilities whatsoever, in law or in equity, arising out of, in connection with or by reason of, the purchase, sale or ownership of the shares of Company Capital Stock and/or the Convertible Notes held by the undersigned, or the delivery of the certificates evidencing such Company Capital Stock herewith (collectively, "**Claims**"). The Claims herein released include not only Claims presently known to the undersigned, but also all unknown Claims. Notwithstanding the foregoing, the undersigned does not waive or release (a) any rights of the undersigned granted under or pursuant to the Merger Agreement, including the right to receive the Merger Consideration, or (b) any rights which the undersigned may have, as an officer or director of the Company to indemnification or advancement of expenses from the Company as and to the extent provided by statute or in the Company's organizational documents as in effect on the date hereof.

- The undersigned ratifies and agrees that neither PDI, Parent, the Equityholder Representative nor the Surviving Corporation will be liable to any third party for any commission or other remuneration in connection with the transactions contemplated hereby and by the Merger Agreement.

- The undersigned understands that pursuant to the Merger Agreement, it is entitled to receive such amounts as determined in accordance with and pursuant to the provisions of Articles 2 and 3 of the Merger Agreement, as consideration in exchange for the surrender of the Company Capital Stock and/or cancellation of the Convertible Notes in accordance with the terms and conditions set forth in the Merger Agreement and this Letter of Transmittal.

- The undersigned agrees and acknowledges that the delivery of the portion of the Merger Consideration that the undersigned is entitled to pursuant to the terms and conditions of the Merger Agreement constitutes full and complete payment for the undersigned's Company Capital Stock and/or Convertibles Notes, and that the surrender of the Company Capital Stock and any applicable certificates evidencing Company Capital Stock and the cancellation of any Convertible Notes is irrevocable.

- The undersigned ratifies and agrees to be bound by the appointment, pursuant to the terms and conditions of the Merger Agreement, of RedPath Equityholder Representative, LLC as the Equityholder Representative and attorney-in-fact of the Equityholders of the Company with respect to all matters arising in connection with the Merger Agreement and the transactions contemplated thereby.

- The undersigned agrees and acknowledges that all representations, warranties and covenants of the undersigned herein will be for the benefit of, and enforceable by PDI, Parent, the Company and the Equityholder Representative.

- The undersigned acknowledges receipt of, and represents and warrants that the undersigned has reviewed, a Notice of Approval of Merger and Appraisal Rights, including the information therein with respect to the appraisal rights of former holders pursuant to Section 262 of the Delaware General Corporation Law, as amended. Furthermore, by delivery of this Letter of Transmittal, the undersigned acknowledges that it hereby irrevocably waives any dissenters' rights, appraisal rights or similar rights that the undersigned may have arising out of the consummation of the Merger and the transactions contemplated by the Merger Agreement, whether arising pursuant to applicable law, contract or otherwise, and the undersigned hereby withdraws all written objections to the Merger Agreement and/or demands for appraisal, if any, with respect to the Shares owned by the undersigned.

- The undersigned agrees and acknowledges that the Initial Merger Consideration has been delivered by Parent to the Equityholder Representative for distribution to the undersigned and the other Equityholders in accordance with the Merger Agreement (and any Future Payments will be distributed from PDI or Parent, as applicable to the Equityholder Representative for distribution to the undersigned and the other Equityholders in accordance with

the Merger Agreement), and that the undersigned shall proceed only against the Equityholder Representative for its portion of the Merger Consideration due to it under the Merger Agreement.

- The undersigned agrees and acknowledges that it has received, read and reviewed with its counsel and other advisors the Merger Agreement and has had an opportunity to ask questions of the Company and its legal counsel and other advisors regarding the Merger Agreement and its terms and conditions, and to the extent it has asked such questions, it has received satisfactory responses to them. The undersigned agrees to be bound by, as if a signatory thereto, the applicable provisions of the Merger Agreement.

The properly completed Letter of Transmittal, including the IRS Form W-9 contained herein as Exhibit A (or the appropriate IRS Form W-8, as applicable) and the physical certificate(s) evidencing your Company Capital Stock of the Company (if surrendering Company Capital Stock) should be sent to the Equityholder Representative at the address listed on Page 1 hereof for the portion of the Merger Consideration you are allocated pursuant to the Initial Payment Allocation Schedule and any Future Payment Allocation Schedules. Copies of the completed Letter of Transmittal, IRS Form W-9 (or the appropriate IRS Form W-8, as applicable) and principal certificate(s) (if any) should be sent to Pepper Hamilton LLP and Buchanan Ingersoll & Rooney PC, on the same date the originals of such documents are sent to the Equityholder Representative, in each case at the address listed on page 1 hereof. Failure to complete the Letter of Transmittal properly could result in a delay in your receiving your Merger Consideration. Failure to complete the IRS Form W-9 included in the Letter of Transmittal (or the appropriate IRS Form W-8, as applicable) can subject you to backup withholding or other withholding on any amounts to be received.

The undersigned represents and warrants that it owns the following Company Capital Stock and hereby surrenders the certificate(s) listed below:

DESCRIPTION OF CAPITAL STOCK SURRENDERED ***Please fill in. Attach separate schedule if needed.***			
Name(s) and Address of Registered Holder(s)	Class of Stock	Certificate No(s).**	Number of Shares
	TOTAL SHARES:		

** [ ] If any Certificate(s) representing of Company Capital Stock that you own have been lost, stolen or destroyed, check this box. Please fill out the remainder of this Letter of Transmittal and indicate here the class and number of shares of Company Capital Stock represented by the lost, stolen or destroyed Certificate(s) and return an Affidavit of Loss in the form of Exhibit B attached hereto.

Class and number of shares of Company Capital Stock represented by the lost, stolen or destroyed Certificate(s):

_____

The undersigned represents and warrants that it owns the following Convertible Notes and hereby agrees to the cancellation of such Convertible Notes:

DESCRIPTION OF CONVERTIBLE NOTES CANCELLED ***Please fill in. Attach separate schedule if needed.***		
Name(s) and Address of Registered Holder(s)	Issue Date	Principal Amount

PLEASE READ AND FOLLOW THE ACCOMPANYING INSTRUCTIONS CAREFULLY. YOU MUST COMPLETE THIS LETTER OF TRANSMITTAL, SIGN IN THE APPROPRIATE BOXES ON PAGE 4 AND COMPLETE THE IRS FORM W-9 (OR THE APPROPRIATE IRS FORM W-8, AS APPLICABLE) IN ORDER TO EXCHANGE YOUR COMPANY CAPITAL STOCK AND/OR CONVERTIBLE NOTES FOR MERGER CONSIDERATION.

Method of delivery of the certificate(s) is at the option and risk of the owner thereof.

SIGNATURE(S) REQUIRED Signature(s) of Registered Holder(s) or Agent
Must be signed by the registered holder(s) EXACTLY as name(s) appear(s) on stock certificate(s) and/or Convertible Note(s). If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer for a corporation acting in a fiduciary or representative capacity, or other person, please set forth full title. _____ Registered Holder _____ Registered Holder _____ Title, if any Date: _____ Phone No.: _____ Taxpayer Identification or Social Security No.: _____ _____

WIRE INSTRUCTIONS
(SEE INSTRUCTIONS)

Bank Name:_____

Address:_____

_____

Attention: _____

Phone Number: _____

Fax Number: _____

Account Name:_____

Account No:_____

ABA Routing No.:_____

NOTE: ALL HOLDERS OF COMPANY CAPITAL STOCK AND/OR CONVERTIBLE NOTES MUST SIGN IN THE SPACE PROVIDED BELOW

SIGN HERE

_____

_____

(Signature(s) of Equityholder(s))

Dated: _____

(Must be signed by the registered Equityholder(s) exactly as name(s) appear(s) on stock certificate(s) and/or Convertible Note(s) or as recorded in the records of the Company or by person(s) authorized to become registered Equityholder(s) by certificates and documents transmitted herewith. If signature is by attorneys-in-fact, executors, administrators, trustees, guardians, agents, officers of corporations or others acting in a fiduciary or representative capacity, please provide the following information.)

Name(s)

__

(Please Print)

Capacity (full title) __

Address __

(Number and Street)

__

(City, State & Zip Code)

Area Code and Telephone Number _____

Tax Identification or Social Security Number _____

INSTRUCTIONS TO LETTER OF TRANSMITTAL

Pursuant to the Merger Agreement referred to in the Letter of Transmittal, Merger Sub will be merged with and into the Company. In order to receive any Merger Consideration for your Company Capital Stock and/or Convertible Notes as contemplated by the Merger Agreement, this Letter of Transmittal and the certificate(s) evidencing your Company Capital Stock (the "**Certificates**") (if applicable) must be forwarded in accordance with the following instructions:

Letter of Transmittal.

The Letter of Transmittal should be properly completed, signed and returned, together with the surrendered Certificate(s) (if applicable,) to the Equityholder Representative as set forth in the Letter of Transmittal. The Letter of Transmittal and Certificate(s) (if applicable) may be mailed or delivered by hand to the address shown on the face of this Letter of Transmittal. **THE METHOD OF DELIVERY OF ALL DOCUMENTS IS AT THE ELECTION AND RISK OF THE SURRENDERING HOLDER, BUT IF SENT BY MAIL, AN OVERNIGHT CARRIER OR REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPER INSURANCE IS RECOMMENDED.**

If there is inadequate space on the Letter of Transmittal, please attach as many additional sheets as are necessary to provide all required information.

Certificates in Different Names (if applicable).

This Letter of Transmittal may be used to submit more than one Certificate only if all of such Certificates are held in exactly the same name. Otherwise, it will be necessary to complete, sign and submit as many Letters of Transmittal as there are different holders of Certificates.

Signatures.

This Letter of Transmittal must be signed by the record holder(s) of the Certificate(s) submitted herewith (if applicable) and/or the Convertible Notes. The signature(s) must correspond with the name(s) set forth on the face of the Certificate(s) and/or the Convertible Notes, without alteration, recapitalization or any change whatsoever. If the Certificate(s) and/or Convertible Notes are held of record by two (2) or more joint owners, all such holders must sign this Letter of Transmittal.

If this Letter of Transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence reasonably satisfactory to the Company and Equityholder Representative of their authority so to act must be submitted.

Important Tax Information and IRS Form W-9 (or IRS Form W-8).

Under U.S. federal income tax law, a holder of Company Capital Stock or Convertible Notes that is a U.S. person who receives cash payments pursuant to the Merger Agreement may be subject to backup withholding. To avoid such backup withholding, each holder that is not otherwise exempt from backup withholding must provide such holder's taxpayer identification number ("**TIN**") and certify that such holder is not subject to such backup withholding by completing the IRS Form W-9 provided herewith. In general, if a holder is an individual, the taxpayer identification number is the Social Security number of such individual. If the taxpayer identification number is incorrect, the holder may be subject to a penalty imposed by the Internal Revenue Service, and the payment of any cash pursuant to the Merger may be subject to backup withholding. For further information concerning backup withholding and instructions for completing the IRS Form W-9 (including how to obtain a taxpayer identification number if a holder does not have one and how to complete the IRS Form W-9 if the Company Capital Stock are held in more than one name), consult the instructions to the IRS Form W-9.

Under U.S. federal income tax law, a holder that is not a U.S. person may be subject to U.S. tax withholding. To avoid (or reduce) such withholding, each holder that is a non-U.S. individual may submit a Form W-8BEN, signed under penalties of perjury, certifying such individual's non-U.S. status and claims to reduced or exemption from withholding. You should consult your own tax advisor regarding whether you must submit Form W-8BEN or other appropriate Form W-8.

Failure to complete the IRS Form W-9 (or the appropriate IRS Form W-8, as applicable) will not, by itself, cause the Company Capital Stock to be invalidly surrendered or the Convertible Notes to be invalidly cancelled, but may require PDI, Parent, the Company or the Equityholder Representative to withhold a portion of the amount of any distribution of payments made pursuant to the Merger Agreement. NOTE: FAILURE TO COMPLETE AND RETURN THE IRS FORM W-9 (OR THE APPROPRIATE IRS FORM W-8, AS APPLICABLE) MAY RESULT IN BACKUP OR OTHER TAX WITHHOLDING OF A PORTION OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE MERGER. PLEASE REVIEW THE INSTRUCTIONS TO IRS FORM W-9 PROVIDED HEREIN (OR TO THE APPROPRIATE FORM W-8, AS APPLICABLE) FOR ADDITIONAL DETAILS.

EACH OF PDI, PARENT, THE COMPANY AND THE EQUITYHOLDER REPRESENTATIVE SHALL BE ENTITLED TO DEDUCT AND WITHHOLD FROM THE PORTION OF THE MERGER CONSIDERATION OTHERWISE PAYABLE TO AN EQUITYHOLDER PURSUANT TO THE MERGER AGREEMENT SUCH AMOUNTS AS IS REQUIRED TO BE DEDUCTED AND WITHHELD WITH RESPECT TO THE MAKING OF SUCH PAYMENT UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR ANY PROVISION OF STATE, LOCAL OR FOREIGN TAX LAW.

Nothing contained in this Letter of Transmittal or its attachments constitutes tax advice. You should consult your own tax advisor as to the tax consequences to you of the Merger and the requirements of this Letter of Transmittal.

Lost, stolen, mutilated or destroyed Certificates (if applicable).

If your Certificate(s) have been lost, stolen, misplaced or destroyed, such fact should be indicated on this Letter of Transmittal and you must complete the Affidavit of Loss attached hereto as Exhibit B and have it notarized to effectively surrender such lost or destroyed Certificate(s). There will not be a fee assessed in respect of lost or destroyed Certificate(s), but surrenders hereunder will be processed only after such documentation has been submitted to and approved by us.

Transfer Taxes.

Each member shall be responsible for any applicable transfer or other taxes required by reason of the payment of cash in exchange for the Company Capital Stock and/or Convertible Notes to any person other than that of the registered holder of the Company Capital Stock and/or Convertible Notes.

Wire Instructions.

For payment hereunder, you must provide your account information in the box indicated.

Exchange Procedures.

Following the effective time of the Merger and receipt of the applicable Certificate(s) (if applicable) and Letter of Transmittal, the Equityholder Representative will deliver to each holder of Company Capital Stock and/or Convertible Notes in accordance with the Merger Agreement and the Letter of Transmittal the portion of the Merger Consideration allocated to the Company Capital Stock and/or Convertible Notes held by such holder immediately prior to the Closing as reflected on the Initial Payment Allocation Schedule and any Future Payment Allocation Schedules.

Form **W-9**
(Rev. August 2013)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:
☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____

☐ Other (see instructions) ▶

Exemptions (see instructions):
Exempt payee code (if any) _____
Exemption from FATCA reporting code (if any) _____

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
___ – ___ – ____

Employer identification number
__ – _____

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below), and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here **Signature of U.S. person** ▶ **Date** ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at *www.irs.gov/w9*. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity,
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust, and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* on page 1.

What is FATCA reporting? The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulation section 301.7701-2(c)(2)(iii). Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Note. Check the appropriate box for the U.S. federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the U.S. federal tax classification in the space provided. If you are an LLC that is treated as a partnership for U.S. federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation, as appropriate. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for U.S. federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

Other entities. Enter your business name as shown on required U.S. federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the *Exemptions* box, any code(s) that may apply to you. See *Exempt payee code* and *Exemption from FATCA reporting code* on page 3.

Exempt payee code. Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following codes identify payees that are exempt from backup withholding:

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2—The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5—A corporation

6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States

7—A futures commission merchant registered with the Commodity Futures Trading Commission

8—A real estate investment trust

9—An entity registered at all times during the tax year under the Investment Company Act of 1940

10—A common trust fund operated by a bank under section 584(a)

11—A financial institution

12—A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over $600 required to be reported and direct sales over $5,000[1]	Generally, exempt payees 1 through 5[2]
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Reg. section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Reg. section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at *www.ssa.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: *A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.*

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account [1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor [2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee [1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner [1]
5. Sole proprietorship or disregarded entity owned by an individual	The owner [3]
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	**Give name and EIN of:**
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity [4]
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

[4] List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

***Note.** Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov*. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: *spam@uce.gov* or contact them at *www.ftc.gov/idtheft* or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

Exhibit B

AFFIDAVIT OF LOSS

_____, (the "**Holder**"), being duly sworn in oath, deposes and says:

1. That the Holder is entitled to the possession and is the true, lawful owner of:

   ☐ Certificate No. _____ (the "**Certificate**") evidencing _____ Company Capital Stock in RedPath Integrated Pathology, Inc. (the "**Company**"), which Certificate the Holder is unable to locate.

2. The Holder made or caused to be made a diligent search for the above referenced Certificate, and was unable to find or recover the same; the Holder has not sold, assigned, pledged, transferred, deposited under any agreement, endorsed or hypothecated the above referenced Certificate, the Company Capital Stock evidenced by the above referenced Certificate or any interest therein, or signed any power of attorney or other authorization regarding the same which is now outstanding and in force or otherwise disposed of the same; the Holder is entitled to full and exclusive possession of the above referenced Certificate; and no person, firm, corporation, agency or government other than the Holder has or has asserted any right, title, claim, equity, or interest in, to, or respecting the above referenced Certificate, the Company Capital Stock evidenced by the Certificate or the proceeds therefrom.

3. The Holder hereby requests, and this Affidavit is made for the purpose of inducing, the Company to refuse to recognize any person other than the Holder as the owner of the above referenced Certificate and of the Company Capital Stock evidenced thereby and to refuse to make any payments, transfer, registration, delivery, or exchange concerning or called for by the above referenced Certificate to any person other than the Holder.

4. If the Holder should find or recover the above referenced Certificate, the Holder will promptly and without consideration surrender the same to the Company for cancellation.

5. The Holder agrees to indemnify and hold harmless PDI, Inc. ("**PDI**"), Interpace Diagnostics, LLC ("**Parent**"), the Company, RedPath Equityholder Representative, LLC (the "**Equityholder Representative**") and their affiliates, successors and assigns from any and all loss, liability, damages, penalties, fines, costs, taxes and expenses (including all reasonable attorneys' fees and court costs) incurred by PDI, Parent, the Company, the Equityholder Representative and their affiliates, successors and assigns, resulting from or relating to the loss, misplacement or destruction of said certificate in connection with the payment by Parent of any amounts as contemplated by the Letter of Transmittal.

IN WITNESS WHEREOF, the undersigned has caused this Affidavit to be duly executed as an instrument under seal this _____ day of _____, 2014.

_____
Print Name:

On this ____ day of _____, 2014 before me personally appeared _____, a duly authorized agent of the Holder referred to above, who executed the foregoing instrument and acknowledged it to be his, her or its free act and deed.

_____
Notary Public

My commission expires: _____

EXHIBIT E

Form of Option Cancellation Agreement

See attached.

[REDPATH LETTER HEAD]

September ___, 2014

[Option Holder]
[Address]
[Address]

RE: Cancellation of All Options to Purchase Shares of RedPath Common Stock Pursuant to One or More Stock Option Agreements between RedPath and You Under the RedPath 2004 Stock Option Plan or 2008 Stock Option Plan ("Options") [Note: All Options for each individual optionee should be attached as a schedule to this letter agreement.]

Dear [●],

RedPath Integrated Pathology, Inc. ("RedPath") plans to enter into an Agreement and Plan of Merger (the "Merger Agreement") in the near future with PDI, Inc., a Delaware corporation ("PDI"), Interpace Diagnostics, LLC, a Delaware limited liability company ("Parent"), RedPath Acquisition Sub, Inc., a Delaware corporation ("Merger Sub"), and RedPath Equity Holder Representative, LLC, a Delaware limited liability company, solely in its capacity as Equityholder Representative (the "Equityholder Representative"), pursuant to which Merger Sub will merge with and into RedPath with RedPath continuing in existence as the surviving corporation (the "Merger"). Pursuant to the Merger, all shares of RedPath stock will be cancelled and, in return, current RedPath stockholders will receive the right to receive consideration under the Merger Agreement.

Pursuant to the flow of funds prepared in accordance with the Merger Agreement, the holders of RedPath common stock (the "Common Holders") will only be eligible to receive consideration upon: (i) payment of all expenses and liabilities of RedPath incurred in connection with the Merger and related transactions as well as repayment of outstanding third party indebtedness owing by RedPath, (ii) repayment of the 2013 Senior Subordinated Series C Secured Convertible Promissory Notes issued pursuant to that certain 2013 Series C Convertible Promissory Note Purchase Agreement, dated as of September 23, 2013, by and among RedPath and the noteholder parties thereto and (iii) payment of the liquidation preferences of the Series A Convertible Participating Preferred Stock, par value $0.001 per share, and the Series B Convertible Participating Preferred Stock, par value $0.001 per share. The consideration available to the Common Holders under the Merger Agreement is highly speculative and assumes that: (i) RedPath earns a substantial amount of the contingent consideration that may be payable to RedPath noteholders and stockholders as set forth in a Contingent Consideration Agreement to be entered into by PDI, Parent, RedPath as the Surviving Corporation and the Equityholder Representative, (ii) transaction costs and indebtedness obligations do not exceed amounts that are currently estimated and (iii) there are no indemnification claims under the Merger Agreement that could reduce amounts payable to stockholders of RedPath. Moreover, in order to be eligible to receive any consideration, you will have to pay the Option exercise price prior to a consummation of the Merger.

As part of the contemplated transactions, PDI is requiring that all warrants and options to purchase stock in RedPath that have not been previously exercised be cancelled and terminated on or prior to consummation of the Merger.

Accordingly, we request that you acknowledge and agree to the following:

1. Termination. You hereby irrevocably waive and terminate any rights that you may have to acquire RedPath common stock, or any other class of stock of RedPath, pursuant to the Options, and the Options shall be terminated without payment, and shall be of no further force or effect, as of the time immediately prior to the effective time of the Merger (the "Closing") without any further action required on the part of RedPath or PDI. You also waive any notice requirements set forth in the Options with respect to the Merger.

2. Acknowledgment. You hereby acknowledge that, as of the Closing, any and all rights that you have to acquire any class of stock in the Company, and any obligation the Company has to sell or issue such stock to you, pursuant to an option grant shall be terminated and shall be of no further force or effect. You further acknowledge and agree that you release the Company, Parent, PDI and each of their respective affiliates, subsidiaries, predecessors and successors from any and all claims, liabilities and obligations related to the Options, any class of stock in the Company underlying such Option or any right (contingent or otherwise) to any compensation with respect to the Options.

3. Effectiveness. The termination of the Options pursuant to this Agreement is conditioned upon the completion of the Closing. As such, RedPath will hold this Letter Agreement in escrow pending Closing. In the event that the transaction fails to close, RedPath shall, as of the date of the termination of the Merger Agreement, destroy this Letter Agreement and deem the cancellation of the Options not to be effective.

By signing below, each of you and RedPath hereby agree to the terms and conditions set forth in this Letter Agreement. Upon execution, please keep one copy for your files and return the original to me at the address above.

Sincerely,

Dennis M. Smith, Jr., M.D.
President and CEO
RedPath Integrated Pathology, Inc.

Agreed upon and acknowledged, intending
to be legally bound hereby:

_____
[●]

Date: _____

EXHIBIT F

Form of Working Capital Statement

See attached.

Working Capital

As of October 31, 2014

Current assets

Total Checking/Savings 415,249

Accts receivable

Third party billings

	Per detailed calculation	5,083,299
	Unbilled charges	44,700
Interest Receivable		2,641
Deposits		31,000
Prepaid Expenses		109,030
Total current assets		5,685,919

Current liabilities (excluding debt to Sq 1)

Accounts Payable - trade 906,408

Credit card Accrued

-

Compensation
Accrued expenses

2,031,360

Gov't Fees Accrued (current) 500,000

Other accrued expenses

Accrued licensing fees

Accrued Loan Fees (not included) Accrued interest
Accrued severance and COBRA (50%) 405,261

Total Capital leases-current portion 63,058

Total Capital leases-long term 3,773

Accrued - taxes Federal 54,976

Accrued - taxes State 104,303

Unearned Revenue 44,700

Total liabilities 4,113,840

Net working capital $ 1,572,079

For purposes of analyzing the collectability on all outstanding claims, on a monthly basis, the Company segregates the types of payers into the following categories:

1. Medicare
2. Medicare Advantage
3. Commercial insurers
4. Roster (Hospitals billed)
5. Medicaid

Each of these payors is calculated differently in the NRV calculation.

Medicare – The Company is subject to a Contractual Allowance agreement between Medicare and the Company. For all Medicare "PathFinder" tests, RedPath records a Contractual Allowance amount to reduce the NRV of the claim to $3,038.72 which has been agreed to by PDI and Parent. If a claim is denied, however, the Company will appeal the denied claim and will not reduce the NRV of the "PathFinder" Medicare claim through bad debt expense. For all "non-PathFinder" tests performed, if the Contractual Allowance did not reduce the NRV of the claim to 10% of the total claim, then the Company will reduce the claim until the NRV is 10% of the total claim.

Medicare Advantage Insurers -. MA payors are contractually required to pay Medicare reimbursement rates. Therefore, the determination of the Contractual Allowance amount for "PathFinder" tests follows the same methodology as Medicare claims. The NRV reduction methodology is different, however, for these types of insurers. For "PathFinder" tests, the Company reduces the amount of the claim to $2,971 which has been agreed to by PDI and Parent. Partial payments are valued at Medicare reimbursement rates less cash received to date.

For all "non-PathFinder" tests, if the Contractual Allowance did not reduce the NRV of the claim to 25% of the total claim, then RedPath will reduce the claim until the NRV is 25% of the total claim.

Commercial Insurers - For all "non-PathFinder" tests – if the Contractual Allowance entry did not reduce the NRV of the claim to 25% of the total claim, then the Company would reduce the claim until the NRV is
25% of the total claim. Provided below is an example:

CEA/AMYLASE test (non PathFinder) $100
Estimated Contractual Allowance $50
NRV $50
25% of the total claim $25
Amount to write off (Bad Debt Exp.) $25

PathFinder tests are valued at $1,813 which is based on the Company's latest calculation of average reimbursement from commercial insurance companies for commercial claims that were in AR at 12/31/13 and was used on the 12/31/13 audited financials. The valuation amount of $1,182 has been agreed to by PDI and Parent.

For all "PathFinder" Tests – once the claims are appealed, the Company reduces the NRV based on the stage of the appealed claim:

1st level appeal – NRV would be reduced to $500
2nd level appeal – NRV would be reduced to $500

3rd, 4th, 5th appeal – NRV would be reduced to 500
External appeal – NRV would be reduced to $500

The valuation amount of $500 per appealed commercial claim has been agreed to by PDI and Parent.

Hospitals (Roster) - Hospitals are billed and recorded at the rate set forth in the "Laboratory Service Agreements" located in the Perm File. The standard Pathfinder NRV for hospitals is $3,100.73. No reductions in the NRV are recorded since the Company has contractual agreements with some of the hospitals but, has a history of collectability for all "PathFinder" claims. For all "non-PathFinder" claims, the Company reduces the claim to 50% of total amount billed.

Specific reserves for hospitals are established based upon hospitals who have advised the Company that they don't intend to pay specific invoices and the Company does not plan to take the hospital to collections as legally the hospital is required to pay per the Federal Register.

Medicaid - Payment from Medicaid is dependent on receiving the required approval necessary in each state. The Company does not have approval in most states and as such reduces all "PathFinder" claims to $100. For all "non-PathFinder" claims, the NRV will be written down to 25% of the total claim.

Summary –

The table below summarizes the agreed upon rates with buyer to value claims in the NRV process as explained above. Note there are several other valuations of non-Pathfinder tests that are considered in the NRV calculation as explained above but are not summarized in this table.

Type of Payor	**Stipulated Rate by Buyer per Pathfinder TG Test**	**Source of Rate**
Medicare	$3,038.72	Current Medicare reimbursement rate net of sequestration fee
Medicare Advantage	$2,971.00	Valuation amount used on 12/31/13 audited financial statement based upon internal analysis
Commercial insurance companies including Blue Cross Blue Shield	$1813.00 for initial submission and $500 for all appealed claims	Valuation amounts used on 12/31/13 audited financial statements based upon internal analysis.
Roster (Hospital)	$3,038.72 for non-reserved claims, specific reserves b y hospital for those that the Company does not plan to take to collections	Current Medicare reimbursement rate net of sequestration fee

All rates in the table above are agreed to by PDI and Parent as the rates to apply the number of open cases on the closing balance sheet.

EXHIBIT G

Form of Adjusted Working Capital Statement

See attached.

ESTIMATED ADJUSTED WORKING CAPITAL STATEMENT

Adjusted Working Capital

Estimated Working Capital Amount (See Exhibit A) $1,572,079.00

LESS:

1. **Unpaid Company Transaction Expenses $2,290,803.36**
2. **Transaction and Incentive Compensation Bonuses $875,000.00**
3. **Square One Payoff $1,996,744.16**

Estimated Adjusted Working Capital Amount ($3,590,468.52)

Estimated Working Capital
As of October 31, 2014

Current assets

Total Checking/Savings 415,249

Accts receivable

Third party billings

	Per detailed calculation	5,083,299
	Unbilled charges	44,700
Interest Receivable		2,641
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Roster (Hospital)	$3,038.72 for non-reserved claims, specific reserves b y hospital for those that the Company does not plan to take to collections	Current Medicare reimbursement rate net of sequestration fee

All rates in the table above are agreed to by PDI and Parent as the rates to apply the number of open cases on the closing balance sheet.

EXHIBIT H

Form of Employment Agreement

See attached.

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is made this _____ day of October 2014, by and between **Interpace Diagnostics, LLC** (hereinafter together with Interpace Diagnostics Corporation, and PDI, Inc. referred to as the "Company") and _____ (hereinafter referred to as "Physician"), collectively referred to as the "Parties."

RECITALS

WHEREAS RedPath Integrated Pathology, Inc. ("RedPath") will be merged (the "Transaction") with and into RedPath Acquisition Sub, Inc., a wholly-owned subsidiary of Interpace Diagnostics, LLC ("Acquisition Sub");

WHEREAS immediately after the consummation of the Transaction, Acquisition Sub will be the surviving corporation and change its name to Interpace Diagnostics Corporation;

WHEREAS prior to the consummation of the Transaction, Physician was employed by RedPath pursuant to the terms of an Employment Agreement dated _____ (the "_____ Agreement"), a copy of which is attached hereto as **Exhibit A**;

WHEREAS the Parties intend to replace and supercede the _____ Agreement with this Agreement;

WHEREAS following the consummation of the Transaction, the Company wishes to employ Physician as the _____ and Physician wishes to be so employed by the Company; and

WHEREAS the Parties wish to set forth the terms of Physician's employment and entitlement to any and all Transaction-related, post-Transaction, and/or post-employment payments and benefits;

NOW THEREFORE, in consideration of the above premises, the mutual covenants contained herein, and other good and valuable consideration, the Parties hereto agree as follows:

1. Employment

   The Company will employ Physician and Physician agrees to be employed upon the terms and conditions set forth in this Agreement and the October 20, 2014 Term Sheet which is attached hereto as Exhibit B and incorporated herein.

2. Position and Duties

   Physician shall be employed as the _____ and shall have responsibilities and duties consistent with the operational needs of the Company and as agreed upon by Physician and the Company.

3. Confidentiality and Restrictive Covenants

   Physician understands that a result of his employment by the Company, Physician will be placed in a position of trust and confidence and will be entrusted with confidential patient information,

as well as the Company's confidential proprietary information and trade secrets, to enable him to carry out his job functions. Because Physician will be receiving this confidential information, Physician agrees that as a condition of employment, Physician will execute a form of Confidential Information, Non-Disclosure, Non-Competition, Non-Solicitation, and Rights to Intellectual Property Agreement satisfactory to the Company and consistent with the form attached hereto as **Exhibit C** and will comply at all times with applicable policies and law relative to confidentiality and non-disclosure.

4. Termination

The Parties acknowledge that Physician's employment with the Company is "at will" and that Physician's employment may be terminated by Physician or the Company at any time, for any reason or for no reason. In the event that Physician's employment is terminated by the Company for any reason other than death, Total Disability, or Cause, as defined by this Agreement, Physician shall be entitled to severance equal to twelve (12) months of base salary to be paid in a lump sum (the "Severance Payment") and to health benefits continuation for twelve (12) months or reimbursement for COBRA payments for that period, whichever the Company deems appropriate at the time. In the event that Physician's employment is terminated by the Company on account of death, Total Disability, or Cause, Physician shall not be entitled to any severance payment or benefit continuation, other than as required by law in effect at such time.

5. Resignation Following Change in Control

In the event that Physician resigns his employment with the Company upon written notice on account of and within three (3) months of a Change in Control as defined by this Agreement, Physician shall be entitled to the Severance Payment and to health benefits continuation for twelve (12) months or reimbursement for COBRA payments for that period, whichever the Company deems appropriate at the time. In the event that Physician resigns for any other reason, Physician shall not be not be entitled to any severance payment or benefit continuation, other than as required by law in effect at such time.

6. Severance Conditioned Upon Release

Notwithstanding any provision herein to the contrary, continuation of health benefits and the Severance Payment provided for in Sections 4 or 5 of this Agreement are subject to and contingent upon Physician's execution of a Severance Agreement and General Release acceptable to the Company, which becomes effective within 60 days following the Termination Date. In addition to a release of all claims, such Severance Agreement and General Release may include Confidentiality, Non-Disparagement, No-Reapply, and/or other appropriate terms. The Severance Payment will be made once the Severance Agreement and General Release becomes effective. Notwithstanding the foregoing, if the 60 day period following Physician's termination ends in a calendar year after the year in which Physician's employment terminates, the Severance Payment shall be made no earlier than the first day of such later calendar year.

7. Limitation of Payments

If any payment or benefit due under this Agreement, together with all other payments and benefits Physician receives or is entitled to receive from the Company or any of its Affiliates, would (if paid or provided) constitute an excess parachute payment (within the meaning of Section 280G(b)(1) of the Code), the amounts otherwise payable and benefits otherwise due under this Agreement will be limited to be minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company by reason of Section 280G of the Code. The determination of whether any payment or benefit would (if paid or provided) constitute an excess parachute payment will be made by the Board, in its sole discretion. Any such reduction in the preceding sentence shall be made in the following order: (i) first, any future cash payments (if any) shall be reduced (if necessary, to zero); (ii) second, any current cash payments shall be reduced (if necessary, to zero); (ii) third, all non-cash payments (other than equity or equity derivative related payments) shall be reduced (if necessary, to zero); and (iv) fourth, all equity or equity derivative payments shall be reduced. Notwithstanding the foregoing, the Company shall use commercially reasonable efforts to bring the issue to a shareholder vote in accordance with Section 280G(b)(5) of the Code and the Treasury Regulations thereunder.

8. Section 409A Compliance

The following rules shall apply, to the extent necessary, with respect to distribution of the payments and benefits, if any, to be provided to Physician under this Agreement. This Agreement is intended to comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") and the parties hereto agree to interpret, apply and administer this Agreement in the least restrictive manner necessary to comply therewith and without resulting in any increase in the amounts owed hereunder by the Company. Subject to the provisions in this Section, the severance payments pursuant to this Agreement shall begin only upon the date of Physician's "separation from service" which occurs on or after the date of Physician's termination of employment. It is intended that each installment of the severance payments and benefits provided under this Agreement shall be treated as a separate "payment" for purposes of Section 409A. If, as of the date of Physician's "separation from service" from the Company, Physician is a "specified employee" (within the meaning of Section 409A), then each installment of the severance payments (including any lump sum payments) and benefits due under this Agreement, that would not otherwise be exempt from Section 409A (either pursuant to a short-term deferral exception, the exception for separation pay upon an involuntary separation from service or otherwise), above and that would, absent this subsection, be paid within the six-month period following Physician's "separation from service" from the Company shall not be paid until the date that is six months and one day after such separation from service (or, if earlier, Physician's death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six months and one day following Physician's separation from service and any subsequent installments, if any, being paid in accordance with the dates and terms set forth herein.

All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable,

the requirements that (i) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (ii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and (iii) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit. **Notwithstanding anything herein to the contrary, the Company shall have no liability to Physician or to any other person if the payments and benefits provided in this Agreement that are intended to be exempt from or compliant with Section 409A are not so exempt or compliant.**

9. Definitions

For purposes of this Agreement, "Cause" shall be defined as (1) material or willful failure to perform duties reasonably expected and/or requested of Physician if such material or willful failure continues for more than thirty (30) days after notice of such material or willful failure to perform; (2) conviction of (including the entry of a *nolo contendere* plea, guilty plea to, or confession of guilt of) a felony; (3) commission of a fraudulent, illegal, or dishonest act in commission of his duties or otherwise with respect to the Company; (4) willful misconduct or gross negligence; (5) material violation of the Company's policies or procedures; and/or (6) material violation of any Confidential Information, Non-Disclosure, Non-Competition, Non-Solicitation, and Rights to Intellectual Property Agreement between Physician and the Company; (7) a material breach of any of the terms or conditions of this Agreement not cured within thirty (30) days written notice from the Company to Physician specifying such breach; (8) the failure to adhere to moral and ethical business principles consistent with the Company's Code of Business Conduct and Guidelines on Corporate Governance as in effect from time to time; or (9) engaging in an act or series of acts constituting misconduct resulting in a misstatement of the Company's financial statements due to material non-compliance with any financial reporting requirement within the meaning of Section 304 of the Sarbanes-Oxley Act of 2002.

For purposes of this Agreement, "Total Disability" shall mean Physician's substantial inability to perform his duties, with or without reasonable accommodation, due to physical or mental disablement which continues in excess of three (3) months as determined by an independent qualified physician of an appropriate specialty acceptable to the Company and Physician, or in the event the Company and Physician are unable to agree, a three (3) member panel of physicians of an appropriate specialty, one of whom shall be selected by the Company, one of whom shall be selected by Physician, and one (1) of whom shall be selected by the other two (2) panel physicians.

For purposes of this Agreement, "Change of Control" shall mean (i) any merger by the Company into another corporation or corporations which results in the stockholders of the Company immediately prior to such transaction owning less than 51% of the surviving corporation; (ii) any acquisition (by purchase, lease or otherwise) of all or substantially all of the assets of the Company by any person, corporation or other entity or group thereof acting jointly; (iii) the acquisition of beneficial ownership of voting securities of the Company (defined as common stock of the Company or any securities having voting rights that the Company may issue in the

future) or rights to acquire voting securities of the Company (defined as including, without limitation, securities that are convertible into voting securities of the Company (as defined above) and rights, options, warrants and other agreements oral agreements to acquire such voting securities) by any person, corporation or other entity or group thereof acting jointly, in such amount or amounts as would permit such person, corporation or other entity or group thereof acting jointly to elect a majority of the members of the Board, as then constituted; or (iv) the acquisition of beneficial ownership, directly or indirectly, of voting securities and rights to acquire voting securities having voting power equal to 51% or more of the combined voting power of the Company's then outstanding voting securities by any person, corporation or other 368(a)(l)(F) of the Code, or a transaction of similar effect, shall not constitute a Change entity or group thereof acting jointly. Notwithstanding the preceding sentence, any transaction that involves a mere change in identity form or place of organization shall not constitute a Change in Control for purposes of this Agreement. The Transaction does not constitute a Change of Control for purposes of this Agreement.

10. Entire Agreement/Modification

This Agreement contains the entire agreement of the Parties and supersedes any and all prior agreements and understandings between or among the Parties and/or RedPath, including but not limited to the _____ Agreement.

11. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

12. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one Agreement.

13. Representation

The Parties acknowledge that they have read and fully understand the contents of this Agreement and execute it knowingly and voluntarily after having had an opportunity to consult with legal counsel as they deem appropriate.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as specified above.

Date of Signature: PHYSICIAN

_____ _____

Date: WITNESS:

_____ _____

Name

Date of Signature: INTERPACE DIAGNOSTICS, LLC

_____ By: _____

Name:
Title:

Date: ATTEST:

_____ _____

Name:
Title: Corporate Secretary
Interpace Diagnostics, LLC

EXHIBIT I

Form of Restrictive Covenant Agreement

See attached.

CONFIDENTIAL INFORMATION, NON-DISCLOSURE, NON-COMPETITION, NON-SOLICITATION AND RIGHTS TO INTELLECTUAL PROPERTY AGREEMENT

THIS CONFIDENTIAL INFORMATION, NON-DISCLOSURE, NON-COMPETITION, NON-SOLICITATION and RIGHTS TO INTELLECTUAL PROPERTY AGREEMENT (hereinafter this "Agreement"), is made as of October ___, 2014, by and between _____, who currently resides at _____ ("Physician") and **Interpace Diagnostics, LLC** (hereinafter together with Interpace Diagnostics Corporation, RedPath Integrated Pathology, Inc., and PDI, Inc. referred to as "Employer"), having its principal place of business at Morris Corporate Center 1-Building A/B, 300 Interpace Parkway, Parsippany, New Jersey 07054 (collectively the "Parties").

WHEREAS, RedPath Integrated Pathology, Inc. ("RedPath") will be merged (the "Transaction") with and into RedPath Acquisition Sub, Inc., a wholly-owned subsidiary of Interpace Diagnostics, LLC ("Acquisition Sub");

WHEREAS, immediately after the consummation of the Transaction, Acquisition Sub will be the surviving corporation and change its name to Interpace Diagnostics Corporation;

WHEREAS, prior to the consummation of the Transaction, Physician has been employed as a Pathologist of RedPath, and in such capacity, acquired an intimate knowledge of the business and affairs of RedPath, its policies, methods, personnel and operations, which Employer will succeed to as a result of the Transaction;

WHEREAS, Employer is about to employ Physician in a position of trust and confidence to aid Employer in its Business (as hereinafter defined) pursuant to the Employment Agreement executed by Physician on October 31, 2014 (the "Employment Agreement"), a copy of which is attached hereto as **Exhibit A**;

WHEREAS, Employer desires to receive from Physician a covenant not to disclose certain information relating to Employer's Business and certain other covenants; and

WHEREAS, as a material inducement to Employer to enter into the Employment Agreement (**Exhibit A)** and to accordingly employ Physician and pay Physician salary and other remuneration and benefits during his employment, Physician has agreed to such covenant; and

WHEREAS, Employer and Physician desire to set forth, in writing, the terms and conditions of their agreements and understandings with respect to such covenants.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto intending to be legally bound, agree as follows:

1. **Business.** For purposes of this Agreement, the business of RedPath to which Employer succeeds consists of (i) developing diagnostic testing technology or (ii) providing one or more of microscopic or genetic analysis, diagnostic testing, or associated laboratory services to resolve challenging diagnostic dilemmas or delivering actionable diagnostic information to physicians, each of (i) and (ii) as for gastrointestinal oncology or endocrine oncology (the "Business"). The Business is highly competitive and specialized involving highly sensitive information.

2. **Employer**. As used herein, the term "Employer" shall mean RedPath Integrated Pathology, Inc.; Interpace Diagnostics, LLC; Interpace Diagnostics Corporation; PDI, Inc.; and any and all related or affiliated entities, including, but not limited to any other business entity which is a subsidiary or parent of the above-listed entities and/or which is an affiliate of one or more of the above-listed entities by virtue of common (although not identical) ownership and for which Physician is providing services in any form during his employment with Employer.

3. **Notice**. Any notice required to, or permitted to, be given hereunder shall be sufficient if in writing (a) delivered personally, (b) sent by first class certified mail, return receipt requested, postage and fees prepaid, or (c) sent by prepaid overnight delivery service, to the parties at the following addresses (or at such other addresses as shall be specified by the parties in a like notice):

If to Employer: Interpace Diagnostics, LLC
Morris Corporate Center I
Building A/B
300 Interpace Parkway
Parsippany, New Jersey 07054
Attn.:

If to Physician: Christina M. Narick, M.D.
_____
_____

4. **Confidential Information, Non-Disclosure**. Physician understands and recognizes that his position with Employer, and in his prior employment with RedPath, he was and will be afforded substantial access to Confidential Information (as that term is defined below) the unauthorized use, disclosure and/or publication of which would cause Employer to suffer substantial damage to and interfere with the current or contemplated Business of Employer and cause irreparable injury to Employer. Physician further understands and recognizes, therefore, that it is in Employer's legitimate business interest to restrict Physician's use of Confidential Information for any purposes other than the discharge of Physician's duties at Employer in furtherance of the Business, and to limit any potential appropriation of Confidential Information by Physician for the benefit of Employer's competitors and to the detriment of Employer. Accordingly, Physician agrees as follows:

a. During and after Physician's employment with Employer, Physician will not, without the prior written consent of Employer, or as may otherwise be required by law or legal process, communicate or disclose to any other person or company, or use for Physician's own personal benefit, except as may be necessary in the performance of Physician's duties as an employee of Employer, any Confidential Information disclosed to him or of which Physician became aware or developed or was given access as a result of his employment with RedPath or becomes aware or develops or is given access to by reason of Physician's employment or association with Employer.

b. The term "Confidential Information" means any and all data and information relating to Employer and/or its Business that is not known to the public (whether or not it constitutes a trade secret) or data and information received by Employer from third parties including, but not limited to, customers, clients, patients and business partners in confidence (or subject to a Non-Disclosure covenant), which is, or has been, disclosed to Physician or of which Physician became or becomes aware as a consequence of his employment relationship with Employer, including his prior employment by RedPath, and which has value to Employer and is not generally known by Employer's competitors including, but not limited to, information concerning Employer's business, and information of third parties, which Employer is required to maintain as confidential. Confidential Information shall not include any data or information that has been disclosed voluntarily to the public by Employer (except when such public disclosure has been made by Physician or some other person without authorization from Employer), or that has been independently developed and disclosed by others, or that otherwise enters the public domain through lawful and legitimate means.

Physician hereby expressly agrees that Confidential Information is the exclusive property of Employer, to be held by Physician in trust and solely for Employer's benefit and shall not be used by Physician or disclosed by Physician to others, either during or after Physician's employment without Employer's advance written consent or except where required for Physician to properly perform Physician's job duties for Employer. This promise is binding on Physician regardless of the reason(s) for the termination of Physician's employment. Physician further agrees to comply with all rules, policies and procedures established by Employer from time-to-time, which are designed to protect and ensure the continued confidentiality of the Confidential Information.

c. Physician understands and agrees that upon termination of Physician's employment with Employer, Physician will not take with him, or retain, without written authorization from Employer, any documents, files or other property of Employer, and Physician will promptly return to Employer any such documents, files or property in his possession or control, including all copies, extracts, reproductions or notes, as may have been made by or on behalf of Physician. If Physician has stored Confidential Information on any personal desktop or laptop devices, Personal Digital Assistants ("PDAs"), mobile/smart phones, external hard drives, "flash" or similar USB storages devices, Fire Wire storage devices, digital music players, digital tapes, floppy diskettes, CDs, DVDs, memory cards, zip diskettes, as well as maintained in personal e-mail accounts (including web based e-mail accounts such as Hotmail, Gmail, Yahoo, etc.) and other electronic or online communications applications, such as text messaging, social media networks (i.e. Facebook, Linked In, My Space, etc.), chat rooms and similar environments and all other media, which can be utilized to store or transmit electronic data and communications (regardless of whether the media utilized is owned by Employer, Physician or a third party, or where the media is located) then Physician must make those devices available to Employer or provide access to those accounts or communications in order to enable Employer to search for such Confidential Information and to remove and/or make complete copies of the media/communications and all information stored to the extent permitted by law or to the extent not permitted by law to otherwise arrange for the return and/or removal of such Confidential Information to Employer, as appropriate.

Physician acknowledges and agrees that this list is not comprehensive and includes technological advancements in methods, devices and locations for storing and communicating data that could include Confidential Information covered by this provision. For this purpose, Physician agrees that he has no expectation of privacy with respect to the various media and communications referred to above except to the extent otherwise provided by law.

In connection with this Confidentiality Agreement, Physician recognizes that all documents, files and property, which Physician has received from RedPath and/or will receive from Employer, including, but not limited to, handbooks, memoranda, policy manuals, product specifications and other materials, with the exception of documents relating to benefits to which Physician might be entitled to, following the termination of his employment with Employer, are for the exclusive use of Employer and employees discharging their responsibilities on behalf of Employer, and that Physician has no claim or right to the continued use, possession or custody of such material following the termination of his employment with Employer.

If Physician becomes legally compelled (by deposition, Interrogatory, request for documents, Subpoena, civil investigative demand or similar process) to disclose any Confidential Information, Physician shall provide Employer with prompt written notice of such requirement so Employer may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Paragraph 4 of this Confidentiality Agreement. If such protective order or other remedy is not obtained, or Employer waives compliance with the provisions of this Paragraph 4, Physician agrees to furnish only that portion of the Confidential Information, which he is advised by written opinion of legal counsel is legally required and to exercise best efforts to obtain assurances that confidential treatment will be accorded such Confidential Information.

5. **Non-Solicitation**. Except as otherwise approved in writing by Employer, Physician agrees that Physician will not, directly or indirectly, with or through any family member, or former directors, officers or employees of Employer, or acting alone or as a member of a partnership or limited liability company or as an officer, holder of or investor in as much as five (5%) percent of any security of any class, director, employee, consultant or representative of any corporation or other business entity (i) at any time during Physician's employment with Employer, and for a period of one (1) year following cessation of Physician's employment with Employer for any reason, interfere with, or seek to interfere with the relationship or otherwise alter, limit or terminate such relationship between Employer and the following: (a) any employee of Employer or any person who was employed by Employer at any time within one (1) year prior to the cessation of Physician's employment with Employer, which prohibited interference includes inducing or attempting to induce any person to leave employment with Employer or hiring any such person; (b) any of the customers or clients of Employer then existing or existing at any time within one (1) year prior to the cessation of Physician's employment with Employer with which Physician personally had contact or access to Confidential Information about, or (c) any of the suppliers or licensees of Employer, then existing or existing at any time within one (1) year prior to cessation of Physician's employment with Employer.

6. **Non-Competition**. It is recognized and understood by the parties hereto that Physician, through Physician's association with Employer as an Physician, shall acquire a considerable amount of knowledge and goodwill with respect to the Business of Employer, as well as access to Employer's clients and customers, which knowledge, goodwill and relationships are extremely valuable to Employer and which would be extremely detrimental to Employer if used

by Physician to compete with Employer. It is therefore understood and agreed to by the parties hereto that because of the nature of the Business of Employer, it is necessary to afford fair protection to Employer from competition by Physician. Consequently, as a material inducement to employ Physician, Physician covenants and agrees that he will not, directly or indirectly, with or through any family member, or former director, officer or employee of Employer, or acting alone or as a member of a partnership or limited liability company, or as an officer of or investor in as much as five (5%) percent of any security of any class, director, employee, consultant or representative of any corporation or other business entity at any time while employed by Employer, and for a period of one (1) year following cessation of Physician's employment with Employer for any reason, own, manage operate, control, consult with, or be employed by or with any person, firm, partnership, association, corporation or other business entity which competes with Employer or performs services which are substantially similar to Employer's Business in the United States of America. Provided however, Physician shall not be in violation of this covenant if she accepts a position (X) as an employee of said competitor so long as her position does not involve research or management in the field or area of gastrointestinal molecular biology, or additional specialties if her duties evolve or (Y) as a practicing pathologist at any healthcare facility, provided further, in either such case, Physician complies with the other restrictions herein.

7. **Rights to Intellectual Property**. All inventions, improvements, modifications, ideas, styles, trade names and the like, whether or not reduced to writing or stored electronically or otherwise and whether or not protectable by patent, trademark, copyright or other intellectual property law, which relate or are susceptible for use directly or indirectly in Employer's Business that are originated in whole, or in part, by Physician (alone or jointly with others) during his term of employment with Employer, irrespective of whether they were conceived, developed, suggested or perfected (i) during Physician's regular working hours, (ii) with the use of Employer's time, materials or facilities or (iii) within one (1) year following the termination of Physician's employment with Employer or otherwise attributable to Physician's employment with Employer shall become and remain the exclusive property of Employer. If any one or more of the aforementioned are deemed in any way to fall within the definition of "work made for hire," as such term is defined in 17 U.S.C. §101, such work shall be considered a "work made for hire," the copyright of which shall be owned solely by, or assigned or transferred completely and exclusively to Employer. At the request and expense of Employer, Physician shall cooperate with Employer, in applying for, prosecuting, and obtaining patent, trademark, service mark, trade name and copyright registrations in the name of Employer.

Physician shall promptly disclose, grant and assign ownership to Employer, for its sole use and benefit any and all inventions, improvements, information and copyrights (whether patentable or not), which he may develop, acquire, conceive or reduce to practice, while employed by Employer (whether or not during usual working hours) together with all patent applications, letters, patent, copyrights and reissues thereof, that may at any time be granted for or upon any such invention, improvement or information; provided, however, that Physician shall own any invention, which Physician can demonstrate has no relationship to the Business, and which was neither conceived, nor made by use of any of the time, facilities or materials of Employer. In connection therewith:

a. Physician shall without charge, but at the expense of Employer, promptly at all times thereafter execute and deliver such applications, assignments, descriptions and other instruments, as may be reasonably necessary or proper in the opinion of Employer to vest title to any such inventions, improvements, technical information, patent applications, patents, copyrights or reissues thereof in Employer, and to enable it to obtain and maintain the entire right and title thereto through the word; and

b. Physician shall render to Employer at its expense (including reimbursement to Physician of reasonable out-of-pocket expenses incurred by Physician and a reasonable payment for Physician's time involved in case he is not then in its employ) all such assistance as it may require in the prosecution of applications for said patents, copyright or reissues thereof, in the prosecution, or defense of interferences, which may be declared involving any said applications, patents or copyrights and in any litigation in which Employer may be involved relating to any such patents, inventions, improvements or technical improvements.

In the event that Employer is unable to, after reasonable effort, secure Physician's signature on any document(s) needed to apply for or secure any copyright or patent, for any reason whatsoever, Physician hereby designates Employer, and its duly authorized officers and agents, as Physician's agent and attorney-in-fact to execute and file any such application(s), and to perform all other legally permitted acts to further the prosecution and issuance of copyrights and patents, or similar protection thereon, which shall have the same legal form and effect as if executed by Physician.

Physician hereby represents and warrants that Physician has fully described to Employer on Schedule A appended hereto any idea, invention, product, improvement, computer software program or other equipment or technology related to the Business of Employer ("Inventions"), not covered in this Paragraph 7, which prior to his employment with Employer, Physician conceived of or developed, wholly or in part, and in which Physician has any right, title or proprietary interest, and whether directly related to Employer's Business, but which has not been published or filed with the United States Patent or Copyright offices or assigned or transferred to Employer. If there is no such Schedule A, Physician represents that Physician has made no such Inventions at the time of signing this Agreement or Physician hereby assigns such Inventions to Employer.

With respect to this Paragraph 7, it is agreed and acknowledged that during Physician's employment, Employer may enter other lines of business, which are related or unrelated to its Business, in which case this Agreement would be expanded to cover such new lines of business.

In the event that Employer gives written notice to Physician that Employer elects not to apply for a patent in a jurisdiction for an item above, which is patentable then Physician may, at his own cost and expense, apply for a patent therefor in his own name in such jurisdiction.

8. **Reasonableness of Restrictions**.

a. Physician has carefully read and considered the provisions of Paragraphs 4 through 7 hereof, and having done so agrees that the restrictions set forth therein are fair and reasonable and are reasonably required for the protection of the interests of Employer, its stockholders, directors, officers, employees, and successors and assigns and that Employer would not have entered into the Employment Agreement (Exhibit A) in the absence of agreement to such restrictions and that any violation of any provisions of Paragraphs 4 through 7 will result in irreparable injury to Employer. Physician further represents and acknowledges that (i) Physician has been advised by Employer to consult his counsel prior to execution and delivery of this

Agreement, and (ii) that Physician has had full opportunity, prior to execution and delivery of this Agreement, to review thoroughly this Agreement with his counsel.

Physician further understands and agrees that Employer shall be entitled to preliminary and permanent injunctive relief, as well as an equitable accounting of all earnings, profits and other benefit, arising from any violation of Paragraphs 4 through 7, which rights shall be cumulative, and in addition to any other rights or remedies to which Employer may be entitled hereunder or now or hereafter existing in law or equity. No delay or omission by a party hereto in exercising any right, remedy or power hereunder or existing at law or in equity shall be construed as a waiver thereof.

b. To the extent any portion of any provision of this Agreement is held to be invalid or unenforceable, the language shall be construed by limiting and/or reducing it so as to be enforceable to the extent compatible with applicable law. All remaining provisions and/or portions thereof shall remain in full force and effect.

9. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of and be enforceable by, Employer and its successors and assigns, and shall be binding upon and inure to the benefit of and be enforceable by Physician and his estate, heirs, administrators and legal representatives. This Agreement is not assignable by Physician but is assignable by Employer to any successor to all, or substantially all, of its Business, assets or other reorganization to which it may become a party, provided that, such assignee assumes all of the obligations of Employer hereunder.

10. **Entire Agreement and Amendment** . This Agreement, together with the Employment Agreement (Exhibit A) and any restrictions and limitations set forth and incorporated therein, constitute the entire agreement between Employer and Physician with respect to the restrictive covenants set forth in Paragraphs 4 through 7 of this Agreement and together supercede all prior agreements, written or oral with respect thereto. This Agreement cannot be changed or modified, except upon written amendment executed by Physician and executed on Employer's behalf by a duly authorized officer.

Nothing in this Agreement shall be construed as changing or modifying the "at will" nature of Physician's employment with Employer as set forth in the Employment Agreement (**Exhibit A**).

11. **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without regard to its conflicts of law provisions.

12. **Usage**. All pronouns and any variations thereof referred to in the masculine, feminine or neuter, singular or plural, as the context may require. All terms defined in the Agreement in their singular or plural forms have correlative meanings when used herein in their singular or plural forms, respectively. Unless otherwise expressly provided the words "include" "includes" and "including" do not limit the preceding words or terms and shall be deemed followed by the words "without limitation".

13. **Headings**. The headings in this Agreement are for reference only, and shall not affect the interpretation of this Agreement.

14. **Counterparts**. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts, together shall constitute one, and the same, instrument. Each counterpart may consist of a member of copies hereof each signed by less than all, but together signed by all of the parties hereto.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Interpace Diagnostics, LLC

By: __
Name:
Title:

Physician

By: __
Name:

EXHIBIT J

Form of Subordinated Note

See attached.

EXHIBIT K

Form of Guaranty Agreement

See attached.

EXHIBIT L

Form of Security Documents

See attached.

PDI, Inc. Amended and Restated 2004 Stock Award and Incentive Plan

1. ***Purpose***. The purpose of this Amended and Restated 2004 Stock Award and Incentive Plan (the "Plan") is to aid PDI, Inc., a Delaware corporation (the "Company"), in attracting, retaining, motivating and rewarding employees, non-employee directors, and other persons who provide substantial services to the Company or its subsidiaries or affiliates, to provide for equitable and competitive compensation opportunities, to recognize individual contributions and reward achievement of Company goals, and promote the creation of long-term value for stockholders by closely aligning the interests of Participants with those of stockholders. The Plan authorizes stock-based and cash-based incentives for Participants.

2. ***Definitions***. In addition to the terms defined in Section 1 above and elsewhere in the Plan, the following capitalized terms used in the Plan have the respective meanings set forth in this Section:

"Annual Incentive Award" means a type of Performance Award granted to a Participant under Section 7(c) representing a conditional right to receive cash, Stock or other Awards or payments, as determined by the Committee, based on performance in a performance period of one fiscal year or a portion thereof.

"Award" means any Option, SAR, Restricted Stock, Deferred Stock, Stock granted as a bonus or in lieu of another award, Dividend Equivalent, Other Stock-Based Award, Performance Award or Annual Incentive Award, together with any related right or interest, granted to a Participant under the Plan.

"Beneficiary" means the legal representatives of the Participant's estate entitled by will or the laws of descent and distribution to receive the benefits under a Participant's Award upon a Participant's death, provided that, if and to the extent authorized by the Committee, a Participant may be permitted to designate a Beneficiary, in which case the "Beneficiary" instead will be the person, persons, trust or trusts (if any are then surviving) which have been designated by the Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Participant's Award upon such Participant's death. Unless otherwise determined by the Committee, any designation of a Beneficiary other than a Participant's spouse shall be subject to the written consent of such spouse.

"Board" means the Company's Board of Directors.

"Cause" shall mean "Cause" as such term is defined in the Participant's employment agreement, or if none shall exist, as any of the following: (a) the Participant's conviction of any crime (whether or not involving the Company) constituting a felony in the jurisdiction involved; (b) conduct of the Participant related to the Participant's employment for which either criminal or civil penalties against the Participant or the Company may be sought; (c) material violation of the Company's policies, including, but not limited to those relating to sexual harassment, the disclosure or misuse of confidential information, or those set forth in Company manuals or statements of policy; or (d)

serious neglect or misconduct in the performance of the Participant's duties for the Company or willful or repeated failure or refusal to perform such duties.

"Change in Control" and related terms have the meanings specified in Section 9.

"Code" means the Internal Revenue Code of 1986, as amended. References to any provision of the Code or regulation (including a proposed regulation) thereunder shall include any successor provisions and regulations.

"Committee" means the Compensation and Management Development Committee of the Board, the composition and governance of which is established in the Committee's Charter as approved from time to time by the Board and subject to any applicable NASDAQ rule or regulation and other corporate governance documents of the Company. No action of the Committee shall be void or deemed to be without authority due to the failure of any member, at the time the action was taken, to meet any qualification standard set forth in the Committee Charter or this Plan. The full Board may perform any function of the Committee hereunder, in which case the term "Committee" shall refer to the Board.

"Covered Employee" means an Eligible Person who is a Covered Employee as specified in Section 12(j).

"Deferred Stock" means a right, granted to a Participant under Section 6(e), to receive Stock or other Awards or a combination thereof at the end of a specified deferral period. Deferred Stock may be denominated as "stock units," "restricted stock units," "phantom shares," "performance shares," or other appellations.

"Disability" shall mean a disability described in Section 422(c)(6) of the Code. The existence of a Disability shall be determined by the Committee in its absolute discretion.

"Dividend Equivalent" means a right, granted to a Participant under Section 6(g), to receive cash, Stock, other Awards or other property equal in value to all or a specified portion of the dividends paid with respect to a specified number of shares of Stock.

"Effective Date" means the effective date specified in Section 12(p).

"Eligible Person" has the meaning specified in Section 5.

"Employee Stock Purchase Plan" has the meaning specified in Section 11.

"Exchange Act" means the Securities Exchange Act of 1934, as amended. References to any provision of the Exchange Act or rule (including a proposed rule) thereunder shall include any successor provisions and rules.

"Fair Market Value" means, with respect to a share of Stock on an applicable date:

i. If the principal market for the Stock (the "Market") is a national securities exchange or the National Association of Securities Dealers Automated Quotation

System ("NASDAQ") National Market, the last sale price or, if no reported sales take place on the applicable date, the average of the high bid and low asked price of Stock as reported for such Market on such date or, if no such quotation is made on such date, on the next preceding day on which there were quotations, provided that such quotations shall have been made within the ten (10) business days preceding the applicable date;

ii. If the Market is the NASDAQ National List, the NASDAQ Supplemental List or another market, the average of the high bid and low asked price for Stock on the applicable date, or, if no such quotations shall have been made on such date, on the next preceding day on which there were quotations, provided that such quotations shall have been made within the ten (10) business days preceding the applicable date; or,

iii. In the event that neither paragraph i. nor ii. shall apply, the Fair Market Value of a share of Stock on any day shall be determined in good faith by the Committee in a manner consistently applied.

"Incentive Stock Option" or "ISO" means any Option designated as an incentive stock option within the meaning of Code Section 422 or any successor provision thereto and qualifying thereunder.

"Option" means a right, granted to a Participant under Section 6(b) or 11, to purchase Stock or other Awards at a specified price during specified time periods.

"Other Stock-Based Awards" means Awards granted to a Participant under Section 6(h).

"Participant" means a person who has been granted an Award under the Plan that remains outstanding, including a person who is no longer an Eligible Person.

"Performance Award" means a conditional right, granted to a Participant under Sections 6(i) and 7, to receive cash, Stock or other Awards or payments, as determined by the Committee, based upon performance criteria specified by the Committee.

"Preexisting Plans" means the Company's 2000 Omnibus Incentive Compensation Plan and the Company's 1998 Stock Option Plan.

"Qualified Member" means a member of the Committee who is a "Non-Employee Director" within the meaning of Rule 16b-3(b)(3) and an "outside director" within the meaning of Regulation 1.162-27 under Code Section 162(m).

"Restricted Stock" means Stock granted to a Participant under Section 6(d) which is subject to certain restrictions and to a risk of forfeiture.

"Retirement" means termination of employment from the Company by a Participant whose age and years of service together equal 65.

"Rule l6b-3" means Rule 16b-3, as from time to time in effect and applicable to Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

"Stock" means the Company's Common Stock, and any other equity securities of the Company that may be substituted or resubstituted for Stock pursuant to Section 12(c).

"Stock Appreciation Rights" or "SAR" means a right granted to a Participant under Section 6(c).

3. ***Administration***.

(a) *Authority of the Committee*. The Plan shall be administered by the Committee, which shall have full and final authority, in each case subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants; to grant Awards; to determine the type and number of Awards, the dates on which Awards may be exercised and on which the risk of forfeiture or deferral period relating to Awards shall lapse or terminate, the acceleration of any such dates, the expiration date of any Award, whether, to what extent, and under what circumstances an Award may be settled, or the exercise price of an Award may be paid, in cash, Stock, other Awards, or other property, and other terms and conditions of, and all other matters relating to, Awards; to prescribe documents evidencing or setting terms of Awards (such Award documents need not be identical for each Participant), amendments thereto, and rules and regulations for the administration of the Plan and amendments thereto; to construe and interpret the Plan and Award documents and correct defects, supply omissions or reconcile inconsistencies therein; and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. Decisions of the Committee with respect to the administration and interpretation of the Plan shall be final, conclusive, and binding upon all persons interested in the Plan, including Participants, Beneficiaries, transferees under Section 12(b) and other persons claiming rights from or through a Participant, and stockholders. The foregoing notwithstanding, the Board shall perform the functions of the Committee for purposes of granting Awards under the Plan to non-employee directors (authority with respect to other aspects of non-employee director awards is not exclusive to the Board, however).

(b) *Manner of Exercise of Committee Authority* . At anytime that a member of the Committee is not a Qualified Member, any action of the Committee relating to an Award intended by the Committee to qualify as "performance-based compensation" within the meaning of Code Section 162(m) and regulations thereunder or intended to be covered by an exemption under Rule 16b-3 under the Exchange Act may be taken by a subcommittee, designated by the Committee or the Board, composed solely of two or more Qualified Members or may be taken by the Committee but with each such member who is not a Qualified Member abstaining or recusing himself or herself from such action, provided that, upon such abstention or recusal, the Committee remains composed of two or more Qualified Members. Such action, authorized by such a subcommittee or by the Committee upon the abstention or recusal of such non-Qualified Member(s), shall be the action of the Committee for purposes of the Plan. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. To the fullest extent authorized under Section 157(c) and other applicable provisions of the Delaware General Corporation Law, the Committee may delegate to officers or managers of the Company or any subsidiary or affiliate, or committees thereof, the

authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions, as the Committee may determine, to the extent that such delegation will not cause Awards intended to qualify as "performance-based compensation" under Code Section 162(m) to fail to so qualify.

(c) *Limitation of Liability*. The Committee and each member thereof, and any person acting pursuant to authority delegated by the Committee, shall be entitled, in good faith, to rely or act upon any report or other information furnished by any executive officer, other officer or employee of the Company or a subsidiary or affiliate, the Company's independent auditors, consultants or any other agents assisting in the administration of the Plan. Members of the Committee, any person acting pursuant to authority delegated by the Committee, and any officer or employee of the Company or a subsidiary or affiliate acting at the direction or on behalf of the Committee or a delegee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

4. ***Stock Subject to Plan***.

(a) *Overall Number of Shares Available for Delivery*. Subject to adjustment as provided in Section 12(c), the shares of Stock reserved and available for delivery in connection with Awards under the Plan shall be: (i) 893,916 original shares reserved on the Effective Date of the adoption of the Plan[1]; (ii) 1,100,000 new shares reserved on the effective date of the Plan's first amendment and restatement; (iii) the number of shares remaining under the Preexisting Plans as of the Effective Date; and (iv) the number of shares which become available in accordance with Section 4(b) after the Effective Date. In order that applicable regulations under the Code relating to ISOs shall be satisfied, the maximum number of shares of Stock that may be delivered upon exercise of ISOs shall be the number specified in clause (i) of the first sentence of this Section 4(a), and, if necessary to satisfy such regulations, that same maximum limit shall apply to the number of shares of Stock that may be delivered in connection with each other type of Award under the Plan (applicable separately to each type of Award). Any shares of Stock delivered under the Plan shall consist of authorized and unissued shares or treasury shares.

(b) *Share Counting Rules*. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award. Shares that are potentially deliverable under an Award under the Plan or an award under any Preexisting Plan that are canceled, expired, forfeited, settled in cash or otherwise terminated without a delivery of such shares to the Participant will not be counted as delivered under the Plan or such Preexisting Plan. Shares that have been issued in connection with an Award (e.g., Restricted Stock) or Preexisting Plan award that is canceled, forfeited, or settled in cash such that those shares are returned to the Company will again be available for Awards. Shares withheld in payment of the exercise price or taxes relating to an Award or Preexisting Plan award and shares equal to the number surrendered in payment of any exercise price or taxes relating to an Award or Preexisting Plan award shall be

[1] 472,162 shares of this original number of 893,916 shares were available for grant on April 1, 2011

deemed to constitute shares not delivered to the Participant and shall be deemed to be available for Awards under the Plan. The foregoing notwithstanding, if issued shares are returned to the Company, including upon a cash out of Restricted Stock, surrender of shares in payment of an exercise price or taxes relating to an Award, or withholding of shares in payment of taxes upon vesting of Restricted Stock, such shares shall not become available again under the Plan if the transaction resulting in the return of shares occurs more than ten years after the date of the most recent shareholder approval of the Plan, and otherwise shares shall not become available under this Section 4(b) in an event that would constitute a "material revision" of the Plan subject to shareholder approval under then applicable rules of the NASDAQ. In addition, in the case of any Award granted in substitution for an award of a company or business acquired by the Company or a subsidiary or affiliate, shares issued or issuable in connection with such substitute Award shall not be counted against the number of shares reserved under the Plan, but shall be available under the Plan by virtue of the Company's assumption of the plan or arrangement of the acquired company or business. This Section 4(b) shall apply to the share limit imposed to conform to the Treasury regulations governing ISOs only to the extent consistent with applicable regulations relating to ISOs under the Code. Because shares will count against the number reserved in Section 4(a) upon delivery, and subject to the share counting rules under this Section 4(b), the Committee may determine that Awards may be outstanding that relate to a greater number of shares than the aggregate remaining available under the Plan, so long as Awards will not result in delivery and vesting of shares in excess of the number then available under the Plan.

5. ***Eligibility and Certain Award Limitations*** .

(a) *Eligibility.* Awards may be granted under the Plan only to Eligible Persons. For purposes of the Plan, an "Eligible Person" means an employee of the Company or any subsidiary or affiliate, including any executive officer, a non-employee director of the Company, a consultant or other person who provides substantial services to the Company or a subsidiary or affiliate, and any person who has been offered employment by the Company or a subsidiary or affiliate, provided that such prospective employee may not receive any payment or exercise any right relating to an Award until such person has commenced employment with the Company or a subsidiary or affiliate. An employee on leave of absence may be considered as still in the employ of the Company or a subsidiary or affiliate for purposes of eligibility for participation in the Plan. For purposes of the Plan, a joint venture in which the Company or a subsidiary has a substantial direct or indirect equity investment shall be deemed an affiliate, if so determined by the Committee.

(b) *Per-Person Award Limitations.* In each calendar year during any part of which the Plan is in effect, an Eligible Person may be granted Awards intended to qualify as "performance-based compensation" under Code Section 162(m) under each of Section 6(b), 6(c), 6(d), 6(e), 6(f), 6(g) or 6(h) relating to up to his or her Annual Limit (such Annual Limit to apply separately to the type of Award authorized under each specified subsection, except that the limitation applies to Dividend Equivalents under Section 6(g) only if such Dividend Equivalents are granted separately from and not as a feature of another Award). Subject to Section 4(a), a Participant's Annual Limit, in any year during any part of which the Participant is then eligible under the Plan, shall equal 400,000 shares plus the amount of the Participant's unused Annual Limit relating to the same type of Award as of the close of the previous year, subject to adjustment as provided in Section 12(c). In the case of an Award which is not valued in a way in which the limitation set forth

in the preceding sentence would operate as an effective limitation satisfying Treasury Regulation 1.162-27(e)(4) (including a Performance Award under Section 7 not related to an Award specified in Section 6), an Eligible Person may not be granted Awards authorizing the earning during any calendar year of an amount that exceeds the Participant's Annual Limit, which for this purpose shall equal $3,500,000 plus the amount of the Participant's unused cash Annual Limit as of the close of the previous year (this limitation is separate and not affected by the number of Awards granted during such calendar year subject to the limitation in the preceding sentence). For this purpose, (i) "earning" means satisfying performance conditions so that an amount becomes payable, without regard to whether it is to be paid currently or on a deferred basis or continues to be subject to any service requirement or other non-performance condition, and (ii) a Participant's Annual Limit is used to the extent an amount or number of shares may be potentially earned or paid under an Award, regardless of whether such amount or shares are in fact earned or paid.

6. ***Specific Terms of Awards*** .

(a) *General*. Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 12(e)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of employment or service by the Participant and terms permitting a Participant to make elections relating to his or her Award. The Committee shall retain full power and discretion with respect to any term or condition of an Award that is not mandatory under the Plan. The Committee shall require the payment of lawful consideration for an Award to the extent necessary to satisfy the requirements of the Delaware General Corporation Law, and may otherwise require payment of consideration for an Award except as limited by the Plan.

(b) *Options*. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(i) *Exercise Price*. The exercise price per share of Stock purchasable under an Option (including both ISOs and non-qualified Options) shall be determined by the Committee, provided that such exercise price shall be not less than the Fair Market Value of a share of Stock on the date of grant of such Option, subject to Section 8(a).

(ii) *Option Term; Time and Method of Exercise* . The Committee shall determine the term of each Option, provided that in no event shall the term of any ISO or SAR in tandem therewith exceed a period of ten years from the date of grant. The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the methods by which such exercise price may be paid or deemed to be paid and the form of such payment, including, without limitation, cash, Stock (including through withholding of Stock deliverable upon exercise, if such withholding will not result in additional accounting expense to the Company), other Awards or awards granted under other plans of the Company or any subsidiary or affiliate, or other property (including through "cashless exercise" arrangements, to the extent permitted by applicable law), and the methods by or forms in which Stock will be delivered or deemed to be delivered in

satisfaction of Options to Participants (including deferred delivery of shares representing the Option "profit," at the election of the Participant or as mandated by the Committee, with such deferred shares subject to any vesting, forfeiture or other terms as the Committee may specify).

(iii) *ISOs*. The terms of any ISO granted under the Plan shall comply in all respects with the provisions of Code Section 422, including but not limited to the requirement that no ISO shall be granted more than ten years after the date of the most recent shareholder approval of the Plan.

(c) *Stock Appreciation Rights*. The Committee is authorized to grant SARs to Participants on the following terms and conditions:

(i) *Right to Payment*. A SAR shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one share of Stock on the date of exercise (or, in the case of a "Limited SAR," the Fair Market Value determined by reference to the Change in Control Price, as defined under Section 9(c) hereof) over (B) the grant price of the SAR as determined by the Committee, which grant price shall be not less than the Fair Market Value of a share of Stock on the date of grant of such SAR.

(ii) *Other Terms*. The Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Stock will be delivered or deemed to be delivered to Participants, whether or not a SAR shall be free-standing or in tandem or combination with any other Award, and the maximum term of a SAR, which in no event shall exceed a period of ten years from the date of grant. Limited SARs that may only be exercised in connection with a Change in Control or other event as specified by the Committee may be granted on such terms, not inconsistent with this Section 6(c), as the Committee may determine. The Committee may require that an outstanding Option be exchanged for a SAR exercisable for Stock having vesting, expiration, price and other terms substantially the same as the Option, so long as such exchange will not result in additional accounting expense to the Company.

(d) *Restricted Stock*. The Committee is authorized to grant Restricted Stock to Participants on the following terms and conditions:

(i) *Grant and Restrictions*. Restricted Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise and under such other circumstances as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award document relating to the Restricted

Stock, a Participant granted Restricted Stock shall have all of the rights of a stockholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee).

(ii) *Forfeiture.* Except as otherwise determined by the Committee, upon termination of employment or service during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited and reacquired by the Company; provided that the Committee may provide, by rule or regulation or in any Award document, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock will lapse in whole or in part, including in the event of terminations resulting from specified causes.

(iii) *Certificates for Stock*. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iv) *Dividends and Splits*. As a condition to the grant of an Award of Restricted Stock, the Committee may require that any dividends paid on a share of Restricted Stock shall be either (A) paid with respect to such Restricted Stock at the dividend payment date in cash, in kind, or in a number of shares of unrestricted Stock having a Fair Market Value equal to the amount of such dividends, or (B) automatically reinvested in additional Restricted Stock or held in kind, which shall be subject to the same terms as applied to the original Restricted Stock to which it relates, or (C) deferred as to payment, either as a cash deferral or with the amount or value thereof automatically deemed reinvested in shares of Deferred Stock, other Awards or other investment vehicles, subject to such terms as the Committee shall determine or permit a Participant to elect. Unless otherwise determined by the Committee, Stock distributed in connection with a Stock split or Stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Stock or other property has been distributed.

(e) *Deferred Stock*. The Committee is authorized to grant Deferred Stock to Participants, which are rights to receive Stock, other Awards, or a combination thereof at the end of a specified deferral period, subject to the following terms and conditions:

(i) *Award and Restrictions* . Issuance of Stock will occur upon expiration of the deferral period specified for an Award of Deferred Stock by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, Deferred Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or

otherwise, and under such other circumstances as the Committee may determine at the date of grant or thereafter. Deferred Stock may be satisfied by delivery of Stock, other Awards, or a combination thereof, as determined by the Committee at the date of grant or thereafter.

(iii) *Forfeiture.* Except as otherwise determined by the Committee, upon termination of employment or service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award document evidencing the Deferred Stock), all Deferred Stock that is at that time subject to such forfeiture conditions shall be forfeited; provided that the Committee may provide, by rule or regulation or in any Award document, or may determine in any individual case, that restrictions or forfeiture conditions relating to Deferred Stock will lapse in whole or in part, including in the event of terminations resulting from specified causes.

(iiii) *Dividend Equivalents*. Unless otherwise determined by the Committee, Dividend Equivalents on the specified number of shares of Stock covered by an Award of Deferred Stock shall be either (A) paid with respect to such Deferred Stock at the dividend payment date in cash or in shares of unrestricted Stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such Deferred Stock, either as a cash deferral or with the amount or value thereof automatically deemed reinvested in additional Deferred Stock, other Awards or other investment vehicles having a Fair Market Value equal to the amount of such dividends, as the Committee shall determine or permit a Participant to elect.

(f) *Bonus Stock and Awards in Lieu of Obligations* . The Committee is authorized to grant Stock as a bonus, or to grant Stock or other Awards in lieu of obligations of the Company or a subsidiary or affiliate to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, subject to such terms as shall be determined by the Committee.

(g) *Dividend Equivalents*. The Committee is authorized to grant Dividend Equivalents to a Participant, entitling the Participant to receive cash, Stock, other Awards, or other property equivalent to all or a portion of the dividends paid with respect to a specified number of shares of Stock. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Stock, Awards, or other investment vehicles, and subject to restrictions on transferability, risks of forfeiture and such other terms as the Committee may specify.

(h) *Other Stock-Based Awards* . The Committee is authorized, subject to limitations under applicable law, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Stock or factors that may influence the value of Stock, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Stock, purchase rights for Stock, Awards with value and payment contingent upon performance of the Company or business units thereof or any other factors designated by the Committee, and Awards valued by reference to the book value of Stock or the value of securities of or the performance of specified subsidiaries or affiliates or other business units. The Committee shall determine the terms and conditions of such

Awards. Stock delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(h) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Stock, other Awards, notes, or other property, as the Committee shall determine. Cash awards, as an element of or supplement to any other Award under the Plan, may also be granted pursuant to this Section 6(h).

(i) *Performance Awards*. Performance Awards, denominated in cash or in Stock or other Awards, may be granted by the Committee in accordance with Section 7.

7. ***Performance Awards, Including Annual Incentive Awards*** .

(a) *Performance Awards Generally* . The Committee is authorized to grant Performance Awards on the terms and conditions specified in this Section 7. Performance Awards may be denominated as a cash amount, number of shares of Stock, or specified number of other Awards (or a combination) which may be earned upon achievement or satisfaction of performance conditions specified by the Committee. In addition, the Committee may specify that any other Award shall constitute a Performance Award by conditioning the right of a Participant to exercise the Award or have it settled, and the timing thereof, upon achievement or satisfaction of such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce or increase the amounts payable under any Award subject to performance conditions, except as limited under Sections 7(b) and 7(c) in the case of a Performance Award intended to qualify as "performance-based compensation" under Code Section 162(m).

(b) *Performance Awards Granted to Covered Employees* . If the Committee determines that a Performance Award to be granted to an Eligible Person who is designated by the Committee as likely to be a Covered Employee should qualify as "performance-based compensation" for purposes of Code Section 162(m), the grant, exercise and/or settlement of such Performance Award shall be contingent upon achievement of a preestablished performance goal and other terms set forth in this Section 7(b).

(i) *Performance Goal Generally*. The performance goal for such Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this Section 7(b). The performance goal shall be objective and shall otherwise meet the requirements of Code Section 162(m) and regulations thereunder (including Regulation 1.162-27 and successor regulations thereto), including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being "substantially uncertain." The Committee may determine that such Performance Awards shall be granted, exercised and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to grant, exercise and/or settlement of such Performance Awards. Performance goals may differ for Performance Awards granted to any one Participant or to different Participants.

(ii) *Business Criteria*. One or more of the following business criteria for the Company, on a consolidated basis, and/or for specified subsidiaries or affiliates or other business units of the Company, shall be used by the Committee in establishing performance goals for such Performance Awards: (1) revenues; (2) earnings from operations, earnings before or after taxes, earnings before or after interest, depreciation, amortization, incentives, service fees or extraordinary or special items; (3) net income or net income per common share (basic or diluted); (4) return on assets, return on investment, return on capital, or return on equity; (5) cash flow, free cash flow, cash flow return on investment, or net cash provided by operations; (6) economic value created or added; (7) operating margin or profit margin; (8) stock price or total stockholder return; and (9) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration or value added, geographic business expansion goals, cost targets, the acquisition of new clients and/or the retention of existing clients, client satisfaction, employee satisfaction, management of employment practices and employee benefits, supervision of litigation and information technology, goals relating to acquisitions or divestitures of subsidiaries or affiliates, goals related to entering into or the performance of joint ventures or strategic alliances, and goals related to the development of new services and markets and the financial performance of the Company related to such new services and markets, affiliates or joint ventures The targeted level or levels of performance with respect to such business criteria may be established at such levels and in such terms as the Committee may determine, in its discretion, including in absolute terms, as a goal relative to performance in prior periods, or as a goal compared to the performance of one or more comparable companies or an index covering multiple companies.

(iii) *Performance Period; Timing for Establishing Performance Goals* . Achievement of performance goals in respect of such Performance Awards shall be measured over a performance period of up to one year or more than one year, as specified by the Committee. A performance goal shall be established not later than the earlier of (A) 90 days after the beginning of any performance period applicable to such Performance Award or (B) the time 25% of such performance period has elapsed.

(iv) *Performance Award Pool*. The Committee may establish a Performance Award pool, which shall be an unfunded pool, for purposes of measuring performance of the Company in connection with Performance Awards. The amount of such Performance Award pool shall be based upon the achievement of a performance goal or goals based on one or more of the business criteria set forth in Section 7(b)(ii) during the given performance period, as specified by the Committee in accordance with Section 7(b)(iv). The Committee may specify the amount of the Performance Award pool as a percentage of any of such business criteria, a percentage thereof in excess of a threshold amount, or as another amount which need not bear a strictly mathematical relationship to such business criteria.

(v) *Settlement of Performance Awards; Other Terms* . Settlement of such Performance Awards shall be in cash, Stock, other Awards or other property, in the discretion of the Committee. The Committee may, in its discretion, increase or reduce the amount of a settlement otherwise to be made in connection with such Performance Awards, but may

not exercise discretion to increase any such amount payable to a Covered Employee in respect of a Performance Award subject to this Section 7(b). Any settlement which changes the form of payment from that originally specified shall be implemented in a manner such that the Performance Award and other related Awards do not, solely for that reason, fail to qualify as "performance-based compensation" for purposes of Code Section 162(m). The Committee shall specify the circumstances in which such Performance Awards shall be paid or forfeited in the event of termination of employment by the Participant or other event (including a Change in Control) prior to the end of a performance period or settlement of such Performance Awards.

(c) *Annual Incentive Awards Granted to Designated Covered Employees* . The Committee may grant an Annual Incentive Award to an Eligible Person who is designated by the Committee as likely to be a Covered Employee. Such Annual Incentive Award will be intended to qualify as "performance-based compensation" for purposes of Code Section 162(m), and therefore its grant, exercise and/or settlement shall be contingent upon achievement of preestablished performance goals and other terms set forth in this Section 7(c).

(i) *Grant of Annual Incentive Awards*. Not later than the earlier of 90 days after the beginning of any performance period applicable to such Annual Incentive Award or the time 25% of such performance period has elapsed, the Committee shall determine the Covered Employees who will potentially receive Annual Incentive Awards, and the amount(s) potentially payable thereunder, for that performance period. The amount(s) potentially payable shall be based upon the achievement of a performance goal or goals based on one or more of the business criteria set forth in Section 7(b)(ii) in the given performance period, as specified by the Committee. The Committee may designate an annual incentive award pool as the means by which Annual Incentive Awards will be measured, which pool shall conform to the provisions of Section 7(b)(iv). In such case, the portion of the Annual Incentive Award pool potentially payable to each Covered Employee shall be pre-established by the Committee. In all cases, the maximum Annual Incentive Award of any Participant shall be subject to the limitation set forth in Section 5.

(ii) *Payout of Annual Incentive Awards*. After the end of each performance period, the Committee shall determine the amount, if any, of the Annual Incentive Award for that performance period payable to each Participant. The Committee may, in its discretion, determine that the amount payable to any Participant as a final Annual Incentive Award shall be reduced from the amount of his or her potential Annual Incentive Award, including a determination to make no final Award whatsoever, but may not exercise discretion to increase any such amount. The Committee shall specify the circumstances in which an Annual Incentive Award shall be paid or forfeited in the event of termination of employment by the Participant or other event (including a Change in Control) prior to the end of a performance period or settlement of such Annual Incentive Award.

(d) *Written Determinations*. Determinations by the Committee as to the establishment of performance goals, the amount potentially payable in respect of Performance Awards and Annual Incentive Awards, the level of actual achievement of the specified performance goals relating to Performance Awards and Annual Incentive Awards, and the amount of any final

Performance Award and Annual Incentive Award shall be recorded in writing in the case of Performance Awards intended to qualify under Section 162(m). Specifically, the Committee shall certify in writing, in a manner conforming to applicable regulations under Section 162(m), prior to settlement of each such Award granted to a Covered Employee, that the performance objective relating to the Performance Award and other material terms of the Award upon which settlement of the Award was conditioned have been satisfied.

8. ***Certain Provisions Applicable to Awards*** .

(a) *Stand-Alone, Additional, Tandem, and Substitute Awards* . Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any subsidiary or affiliate, or any business entity to be acquired by the Company or a subsidiary or affiliate, or any other right of a Participant to receive payment from the Company or any subsidiary or affiliate. Awards granted in addition to or in tandem with other Awards or awards may be granted either as of the same time as or a different time from the grant of such other Awards or awards.

(b) *Term of Awards* . The term of each Award shall be for such period as may be determined by the Committee, subject to the express limitations set forth in Section 6(b)(ii).

(c) *Form and Timing of Payment under Awards; Deferrals* . Subject to the terms of the Plan and any applicable Award document, payments to be made by the Company or a subsidiary or affiliate upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Stock, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. The settlement of any Award may be accelerated, and cash paid in lieu of Stock in connection with such settlement, in the discretion of the Committee or upon occurrence of one or more specified events. Installment or deferred payments may be required by the Committee (subject to Section 12(e)) or permitted at the election of the Participant on terms and conditions established by the Committee. Payments may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Stock.

(d) *Exemptions from Section 16(b) Liability*. With respect to a Participant who is then subject to the reporting requirements of Section 16(a) of the Exchange Act in respect of the Company, the Committee shall implement transactions under the Plan and administer the Plan in a manner that will ensure that each transaction with respect to such a Participant is exempt from liability under Rule 16b-3 or otherwise not subject to liability under Section 16(b)), except that this provision shall not limit sales by such a Participant, and such a Participant may engage in other non-exempt transactions under the Plan. The Committee may authorize the Company to repurchase any Award or shares of Stock deliverable or delivered in connection with any Award in order to avoid a Participant who is subject to Section 16 of the Exchange Act from incurring liability under Section 16(b). Unless otherwise specified by the Participant, equity securities or derivative securities

acquired under the Plan which are disposed of by a Participant shall be deemed to be disposed of in the order acquired by the Participant.

9. ***Change in Control***.

(a) *Effect of "Change in Control" on Non-Performance Based Awards* . In the event of a "Change in Control," the following provisions shall apply to non-performance based Awards, including Awards as to which performance conditions previously have been satisfied or are deemed satisfied under Section 9(b), unless otherwise provided by the Committee in the Award document:

(i) All deferral of settlement, forfeiture conditions and other restrictions applicable to Awards granted under the Plan shall lapse and such Awards shall be fully payable as of the time of the Change in Control without regard to deferral and vesting conditions, except to the extent of any waiver by the Participant or other express election to defer beyond the Change in Control and subject to applicable restrictions set forth in Section 12(a);

(ii) Any Award carrying a right to exercise that was not previously exercisable and vested shall become fully exercisable and vested as of the time of the Change in Control and shall remain exercisable and vested for the balance of the stated term of such Award without regard to any termination of employment or service by the Participant other than a termination for "cause" (as defined in any employment or severance agreement between the Company or it subsidiary or affiliate and the Participant then in effect or, if none, as defined by the Committee and in effect at the time of the Change in Control), subject only to applicable restrictions set forth in Section 12(a); and

(iii) The Committee may, in its discretion, determine to extend to any Participant who holds an Option the right to elect, during the 60-day period immediately following the Change in Control, in lieu of acquiring the shares of Stock covered by such Option, to receive in cash the excess of the Change in Control Price over the exercise price of such Option, multiplied by the number of shares of Stock covered by such Option, and to extend to any Participant who holds other types of Awards denominated in shares the right to elect, during the 60-day period immediately following the Change in Control, in lieu of receiving the shares of Stock covered by such Award, to receive in cash the Change in Control Price multiplied by the number of shares of Stock covered by such Award. In addition, the Committee may provide that Options and SARs shall be subject to a mandatory cash-out in lieu of accelerated vesting, in order to limit the extent of "parachute payments" under Sections 280G and 4999 of the Code.

(b) *Effect of "Change in Control" on Performance-Based Awards* . In the event of a "Change in Control," with respect to an outstanding Award subject to achievement of performance goals and conditions, such performance goals and conditions shall be deemed to be met or exceeded if and to the extent so provided by the Committee in the Award document governing such Award or other agreement with the Participant.

(c) *Definition of "Change in Control."* A "Change in Control" shall be deemed to have occurred if, after the Effective Date, there shall have occurred any of the following (whether as a result of a series of transactions or an isolated event): (1) the consummation of any merger by the Company into another corporation or corporations which results in the stockholders of the Company immediately prior to such transaction owning less than 55% of the surviving corporation; (2) the consummation of any acquisition (by purchase, lease or otherwise) of all or substantially all of the assets of the Company by any person, corporation or other entity or group thereof acting jointly; (3) the acquisition of beneficial ownership, directly or indirectly, of voting securities of the Company (defined as Stock of the Company or any securities having voting rights that the Company may issue in the future) and rights to acquire voting securities of the Company (defined as including, without limitation, securities that are convertible into voting securities of the Company (as defined above) and rights, options, warrants and other agreements or arrangements to acquire such voting securities) by any person, corporation or other entity or group thereof acting jointly, in such amount or amounts as would permit such person, corporation or other entity or group thereof acting jointly to elect a majority of the members of the Board of the Company, as then constituted; or (4) the acquisition of beneficial ownership, directly or indirectly, of voting securities and rights to acquire voting securities having voting power equal to 25% or more of the combined voting power of the Company's then outstanding voting securities by any person, corporation or other entity or group thereof acting jointly unless such acquisition as is described in this part (4) is expressly approved by resolution of the Board of the Company passed upon affirmative vote of not less than a majority of the Board and adopted at a meeting of the Board held not later than the date of the next regularly scheduled or special meeting held following the date the Company obtains actual knowledge of such acquisition (which approval may be limited in purpose and effect solely to affecting the rights of a Participant under this Plan). Notwithstanding the preceding sentence, any transaction that involves a mere change in identity form or place of organization within the meaning of Section 368(a)(1)(F) of the Code, or a transaction of similar effect, shall not constitute a Change in Control.

(d) *Definition of "Change in Control Price."* The "Change in Control Price" means an amount in cash equal to the higher of (i) the amount of cash and fair market value of property that is the highest price per share paid (including extraordinary dividends) in any transaction triggering the Change in Control or any liquidation of shares following a sale of substantially all assets of the Company, or (ii) the highest Fair Market Value per share at any time during the 60-day period preceding and 60-day period following the Change in Control.

10. ***Additional Award Forfeiture Provisions*** .

(a) *Forfeiture of Options and Other Awards and Gains Realized Upon Prior Option Exercises or Award Settlements.* Unless otherwise determined by the Committee, each Award granted hereunder shall be subject to the following additional forfeiture conditions, to which the Participant, by accepting an Award hereunder, agrees. If any of the events specified in Section 10(b)(i), (ii), or (iii) occurs (a "Forfeiture Event"), all of the following forfeitures will result, such forfeitures to be effective at the later of the occurrence of the Forfeiture Event or the Participant's termination of employment:

(i) The unexercised portion of the Option, whether or not vested, and any other Award not then settled (except for an Award that has not been settled solely due

to an elective deferral by the Participant and otherwise is not forfeitable in the event of any termination of service of the Participant) will be immediately forfeited and canceled upon the occurrence of the Forfeiture Event; and

(ii) The Participant will be obligated to repay to the Company, in cash, within five business days after demand is made therefore by the Company, the total amount of Award Gain (as defined herein) realized by the Participant upon each exercise of an Option or settlement of an Award (regardless of any elective deferral) that occurred on or after (A) the date that is six months prior to the occurrence of the Forfeiture Event, if the Forfeiture Event occurred while the Participant was employed by the Company or a subsidiary or affiliate, or (B) the date that is six months prior to the date the Participant's employment by the Company or a subsidiary or affiliate terminated, if the Forfeiture Event occurred after the Participant ceased to be so employed. For purposes of this Section, the term "Award Gain" shall mean (i) in respect of a given Option exercise, the product of (X) the Fair Market Value per share of Stock at the date of such exercise (without regard to any subsequent change in the market price of shares) minus the exercise price times (Y) the number of shares as to which the Option was exercised at that date, and (ii) in respect of any other settlement of an Award granted to the Participant, the Fair Market Value of the cash or Stock paid or payable to Participant (regardless of any elective deferral) less any cash or the Fair Market Value of any Stock or property (other than an Award or award which would have itself then been forfeitable hereunder and excluding any payment of tax withholding) paid by the Participant to the Company as a condition of or in connection with such settlement.

(b) *Events Triggering Forfeiture*. The forfeitures specified in Section 10(a) will be triggered upon the occurrence of any one of the following Forfeiture Events at any time during the Participant's employment by the Company or a subsidiary or affiliate or during the one-year period following termination of such employment:

(i) The Participant, acting alone or with others, directly or indirectly, prior to a Change in Control, (A) engages, either as employee, employer, consultant, advisor, or director, or as an owner, investor, partner, or stockholder unless the Participant's interest is insubstantial, in any business in an area or region in which the Company conducts business at the date the event occurs, which is directly in competition with a business then conducted by the Company or a subsidiary or affiliate; (B) induces, or attempts to influence, any client or supplier of the Company or a subsidiary or affiliate, or other company with which the Company or a subsidiary or affiliate has a business relationship, to curtail, cancel, not renew, or not continue his or her or its business with the Company or any subsidiary or affiliate; or (C) induces, or attempts to influence, any employee of or service provider to the Company or a subsidiary or affiliate to terminate such employment or service. The Committee shall, in its discretion, determine which lines of business the Company conducts on any particular date and which third parties may reasonably be deemed to be in competition with the Company. For purposes of this Section 10(b)(i), a Participant's interest as a stockholder is insubstantial if it represents beneficial ownership of less than five percent of the outstanding class of stock, and a Participant's interest as an owner, investor, or partner is insubstantial if it represents ownership, as determined by the Committee in its discretion, of less than five percent of the outstanding equity of the entity;

(ii) The Participant discloses, uses, sells, or otherwise transfers, except in the performance of the Participant's duties while employed by or providing service to the Company or any subsidiary or affiliate, any confidential or proprietary information of the Company or any subsidiary or affiliate, including but not limited to information regarding the Company's current and potential clients, organization, employees, finances, and methods of operations and investments, so long as such information has not otherwise been disclosed to the public or is not otherwise in the public domain without fault of the Participant, except as required by law or pursuant to legal process, or the Participant makes statements or representations, or otherwise communicates, directly or indirectly, in writing, orally, or otherwise, or takes any other action which may, directly or indirectly, disparage or be damaging to the Company or any of its subsidiaries or affiliates or their respective officers, directors, employees, advisors, businesses or reputations, except as required by law or pursuant to legal process;

(iii) The Participant fails to cooperate with the Company or any subsidiary or affiliate by making himself or herself available to testify on behalf of the Company or such subsidiary or affiliate in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, or otherwise fails to assist the Company or any subsidiary or affiliate in any such action, suit, or proceeding by providing information and meeting and consulting with members of management of, other representatives of, or counsel to, the Company or such subsidiary or affiliate, as reasonably requested; or

(iv) The Participant is terminated for Cause.

(c) *Agreement Does Not Prohibit Competition or Other Participant Activities* . Although the conditions set forth in this Section 10 shall be deemed to be incorporated into an Award, a Participant is not thereby prohibited from engaging in any activity, including but not limited to competition with the Company and its subsidiaries and affiliates. Rather, the non-occurrence of the Forfeiture Events set forth in Section 10(b) is a condition to the Participant's right to realize and retain value from his or her compensatory Options and Awards, and the consequence under the Plan if the Participant engages in an activity giving rise to any such Forfeiture Event are the forfeitures specified herein. The Company and the Participant shall not be precluded by this provision or otherwise from entering into other agreements concerning the subject matter of Section 10(a) and 10(b).

(d) *Committee Discretion*. The Committee may, in its discretion, waive in whole or in part the Company's right to forfeiture under this Section, but no such waiver shall be effective unless evidenced by a writing signed by a duly authorized officer of the Company. In addition, the Committee may impose additional conditions on Awards, by inclusion of appropriate provisions in the document evidencing or governing any such Award.

11. ***Employee Stock Purchase Program***.

(a) *Stock Available for Awards.* The aggregate number of shares of Stock that may be granted as Options under the Employee Stock Purchase Plan ("ESPP") shall be determined on an annual basis by the Committee. Shares shall be deemed to have been granted under the ESPP

only to the extent actually issued and delivered pursuant to the Award. To the extent that an Award lapses or the rights of the Participant terminate, any shares of Stock subject to such Award shall again be available for the grant of future Stock Awards.

(b) *Eligibility.* An Award made pursuant to the ESPP may be granted to an individual who, at the time of grant, is an employee of the Company or a subsidiary and has been determined to be eligible for participation. An Award made pursuant to the ESPP may be granted on more than one occasion to the same person; each Award shall be evidenced by a written instrument duly executed by or on behalf of the Company. Notwithstanding the foregoing, no employee of the Company or a subsidiary shall be granted an Option if such employee, immediately after the Option is granted, owns stock possessing five percent (5%) or more of the total combined voting power or five percent (5%) or more of the value of all classes of stock of the Company or any subsidiary. For the purpose of determining stock ownership, the rules of Section 424(d) of the Code shall apply. In addition, the Stock which the Participant may purchase under any outstanding Options shall be treated as stock owned by the Participant. The Committee may exclude the following employees from receiving Options under the ESPP:

(1) Employees who have been employed by the Company or a subsidiary less than two (2) years;

(2) Employees whose customary employment with the Company or a subsidiary is twenty (20) hours or less per week;

(3) Employees whose customary employment with the Company or a subsidiary is not for more than five (5) months in any calendar year; and

(4) Highly compensated employees within the meaning of Section 414(q) of the Code.

(c) *Employee Stock Purchase Plan Stock Option Agreement.* Each Option shall be evidenced by an Option Agreement between the Company and the Participant which shall contain such terms and conditions as may be approved by the Committee and are consistent with Section 423 of the Code. The terms and conditions of the respective Option Agreements need not be identical. Each Option Agreement shall specify the effect of termination of employment, total and permanent Disability, Retirement or death on the exercisability of the Option. Under each Option Agreement, a Participant shall have the right to appoint any individual or legal entity in writing as his or her Beneficiary in the event of his or her death. Such designation may be revoked in writing by the Participant at any time and a new Beneficiary may be appointed in writing on the form provided by the Committee for such purpose. In the absence of such appointment, the Beneficiary shall be the legal representative of the Participant's estate.

(d) *Option Period.* The term of each Option shall be as specified by the Committee at the date of grant and shall be stated in the Option Agreement; provided, however, that an Option may not be exercised after the expiration of:

(1) Five (5) years from the date such Option is granted if the ESPP requires that the Option price must be not less than eighty-five percent (85%) of the Fair Market Value of the Stock at the time the Option is exercised; or

(2) Twenty-Seven (27) months from the date such Option is granted if the Option provides for an Option Price in some other permissible manner under Section 423 of the Code (such as a flat dollar amount).

(e) *Limitation on Exercise of Option.* An Option may be exercisable in whole or in such installments and at such times as determined by the Committee and the applicable term relating to the exercise of the option shall be stated in the Option Agreement and must be uniform for all employees with the following exceptions: (1) the Committee may limit the maximum number of Options that can be exercised under the ESPP, and (2) the Committee may limit the amount of Options that all employees may be granted to a specified relationship to total compensation or the base or regular rate of compensation; and provided, however, that an Option may be exercised at the rate of at least twenty percent (20%) per year over five (5) years from the date it is granted.

(f) *Special Limitation Regarding Exercise of Option.* No employee may be granted an Option which permits his or her rights to exercise Options under the ESPP of the Company and subsidiaries to accrue at a rate that exceeds $25,000 of the Fair Market Value of such stock (determined at the time of grant) for each calendar year in which such Option is outstanding at any time. For the purpose of this rule:

(1) The right to purchase Stock under an Option accrues when the Option (or any portion thereof) first becomes exercisable during the calendar year;

(2) The right to purchase Stock under an Option accrues at the rate provided in the Option, but in no case shall such rate exceed $25,000 of Fair Market Value of such stock (determined at the time of grant) for any one calendar year; and

(3) A right to purchase Stock which has accrued under one Option granted pursuant to the Plan may not be carried over to any other Option.

The Committee shall determine, in accordance with applicable provisions of the Code, Treasury Regulations, and other administrative pronouncements which Options will not constitute Options under Section 423 of the Code because of such limitation and shall notify the Participant of such determination as soon as practicable after such determination.

(g) *Option Price.* The purchase price of Stock issued under each Option shall be determined by the Committee and shall be stated in the Option Agreement, but such purchase price shall not be less than the lesser of:

(1) An amount equal to eighty-five percent (85%) of the Fair Market Value of the Stock at the time the Option is granted; or

(2) An amount which under the terms of the Option may not be less than eighty-five percent (85%) of the Fair Market Value of such Stock at the time of the exercise of the Option.

(h) *Options and Rights in Substitution for Stock Options Granted by Other Companies.* Options may be granted under the Plan from time to time in substitution for stock

options held by employees of companies who become, or who became prior to the Effective Date of the Plan, employees of the Company or of any Subsidiary as a result of a merger or consolidation of the employing company with the Company, or such subsidiary, or the acquisition by the Company or a subsidiary of all or a portion of the assets of the employing company with the result that such employing company becomes a subsidiary; provided that any such Option grant shall not serve as a direct or indirect reduction in the exercise price of the stock options for which the substitution was made.

12. ***General Provisions***.

(a) *Compliance with Legal and Other Requirements* . The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Stock or payment of other benefits under any Award until completion of such registration or qualification of such Stock or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which the Stock or other securities of the Company are listed or quoted, or compliance with any other obligation of the Company, as the Committee may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Stock or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations. The foregoing notwithstanding, in connection with a Change in Control, the Company shall take or cause to be taken no action, and shall undertake or permit to arise no legal or contractual obligation, that results or would result in any postponement of the issuance or delivery of Stock or payment of benefits under any Award or the imposition of any other conditions on such issuance, delivery or payment, to the extent that such postponement or other condition would represent a greater burden on a Participant than existed on the 90th day preceding the Change in Control.

(b) *Limits on Transferability; Beneficiaries* . No Award or other right or interest of a Participant under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party (other than the Company or a subsidiary or affiliate thereof), or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights (other than ISOs and SARs in tandem therewith) may be transferred to one or more transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee, subject to any terms and conditions which the Committee may impose thereon (including limitations the Committee may deem appropriate in order that offers and sales under the Plan will meet applicable requirements of registration forms under the Securities Act of 1933 specified by the Securities and Exchange Commission). A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award document applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) *Adjustments*. In the event that any large, special and non-recurring dividend or other distribution (whether in the form of cash or property other than Stock), recapitalization, forward or reverse split, Stock dividend, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Stock such that an adjustment is determined by the Committee to be appropriate under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and kind of shares of Stock which may be delivered in connection with Awards granted thereafter, (ii) the number and kind of shares of Stock by which annual per-person Award limitations are measured under Section 5(b), (iii) the number and kind of shares of Stock subject to or deliverable in respect of outstanding Awards, and (iv) the exercise price, grant price or purchase price relating to any Award or, if deemed appropriate, the Committee may make provision for a payment of cash or property to the holder of an outstanding Option. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Performance Awards and performance goals and any hypothetical funding pool relating thereto) in recognition of unusual or nonrecurring events (including, without limitation, events described in the preceding sentence, as well as acquisitions and dispositions of businesses and assets) affecting the Company, any subsidiary or affiliate or other business unit, or the financial statements of the Company or any subsidiary or affiliate, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any subsidiary or affiliate or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant; provided that no such adjustment shall be authorized or made if and to the extent that the existence of such authority (i) would cause Options, SARs, or Performance Awards granted under Section 8 to Participants designated by the Committee as Covered Employees and intended to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder to otherwise fail to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder, or (ii) would cause the Committee to be deemed to have authority to change the targets, within the meaning of Treasury Regulation 1.162-27(e)(4)(vi), under the performance goals relating to Options or SARs granted to Covered Employees and intended to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder.

(d) *Tax Provisions*.

(i) *Withholding*. The Company and any subsidiary or affiliate is authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Stock, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Stock or other property and to make cash payments in respect thereof in satisfaction of a Participant's withholding obligations, either on a mandatory or elective basis in the discretion of the Committee. Other provisions of the Plan notwithstanding, only the minimum amount of Stock deliverable in connection with an Award necessary to satisfy statutory withholding requirements will be withheld,

except a greater amount of Stock may be withheld if such withholding would not result in additional accounting expense to the Company.

(ii) *Required Consent to and Notification of Code Section 83(b) Election* . No election under Section 83(b) of the Code (to include in gross income in the year of transfer the amounts specified in Code Section 83(b)) or under a similar provision of the laws of a jurisdiction outside the United States may be made unless expressly permitted by the terms of the Award document or by action of the Committee in writing prior to the making of such election. In any case in which a Participant is permitted to make such an election in connection with an Award, the Participant shall notify the Company of such election within ten days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to regulations issued under Code Section 83(b) or other applicable provision.

(iii) *Requirement of Notification Upon Disqualifying Disposition Under Code Section 421(b)* . If any Participant shall make any disposition of shares of Stock delivered pursuant to the exercise of an Incentive Stock Option under the circumstances described in Code Section 421(b) (relating to certain disqualifying dispositions), such Participant shall notify the Company of such disposition within ten days thereof.

(e) *Changes to the Plan*. The Board may amend, suspend or terminate the Plan or the Committee's authority to grant Awards under the Plan without the consent of stockholders or Participants; provided, however, that any amendment to the Plan shall be submitted to the Company's stockholders for approval not later than the earliest annual meeting for which the record date is after the date of such Board action if such stockholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Stock may then be listed or quoted, and the Board may otherwise, in its discretion, determine to submit other amendments to the Plan to stockholders for approval and provided further, that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any outstanding Award.

(f) *Right of Setoff*. The Company or any subsidiary or affiliate may, to the extent permitted by applicable law, deduct from and set off against any amounts the Company or it subsidiary or affiliate may owe to the Participant from time to time, including amounts payable in connection with any Award, owed as wages, fringe benefits, or other compensation owed to the Participant, such amounts as may be owed by the Participant to the Company, including but not limited to amounts owed under Section 10(a), although the Participant shall remain liable for any part of the Participant's payment obligation not satisfied through such deduction and setoff. By accepting any Award granted hereunder, the Participant agrees to any deduction or setoff under this Section 12(f).

(g) *Unfunded Status of Awards; Creation of Trusts* . The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Stock pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Committee may authorize the creation

of trusts and deposit therein cash, Stock, other Awards or other property, or make other arrangements to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant.

(h) *Non-exclusivity of the Plan*. Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements, apart from the Plan, as it may deem desirable, including incentive arrangements and awards which do not qualify under Code Section 162(m), and such other arrangements may be either applicable generally or only in specific cases.

(i) *Payments in the Event of Forfeitures; Fractional Shares* . Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash consideration, the Participant shall be repaid the amount of such cash consideration. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(j) *Compliance with Code Section 162(m)* . It is the intent of the Company that Options and SARs granted to Covered Employees and other Awards designated as Awards to Covered Employees subject to Section 7 shall constitute qualified "performance-based compensation" within the meaning of Code Section 162(m) and regulations thereunder, unless otherwise determined by the Committee at the time of allocation of an Award. Accordingly, the terms of Sections 7(b), (c), and (d), including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with Code Section 162(m) and regulations thereunder. The foregoing notwithstanding, because the Committee cannot determine with certainty whether a given Participant will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term Covered Employee as used herein shall mean only a person designated by the Committee as likely to be a Covered Employee with respect to a specified fiscal year. If any provision of the Plan or any Award document relating to a Performance Award that is designated as intended to comply with Code Section 162(m) does not comply or is inconsistent with the requirements of Code Section 162(m) or regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements, and no provision shall be deemed to confer upon the Committee or any other person discretion to increase the amount of compensation otherwise payable in connection with any such Award upon attainment of the applicable performance objectives.

(k) *Limitation on Repricing*. Unless such action is approved by the Company's stockholders or is pursuant to Section 12(c)(iii) and (iv) above: (i) no outstanding Option or SAR granted under the Plan may be amended to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option or SAR, (ii) the Board may not cancel any outstanding option or stock appreciation right (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan covering the same or a different number of shares of Stock and having an exercise price per share lower than the then-current exercise

price per share of the cancelled option or stock appreciation right and (iii) the Company may not repurchase for cash Options or SARs granted under the Plan with an exercise price that is more than 100% of the Fair Market Value of a share of Stock on the date of repurchase.

(l) *Governing Law*. The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan and any Award document shall be determined in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of laws, and applicable provisions of federal law.

(m) *Awards to Participants Outside the United States* . The Committee may modify the terms of any Award under the Plan made to or held by a Participant who is then resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that such Award shall conform to laws, regulations, and customs of the country in which the Participant is then resident or primarily employed, or so that the value and other benefits of the Award to the Participant, as affected by foreign tax laws and other restrictions applicable as a result of the Participant's residence or employment abroad shall be comparable to the value of such an Award to a Participant who is resident or primarily employed in the United States. An Award may be modified under this Section 12(m) in a manner that is inconsistent with the express terms of the Plan, so long as such modifications will not contravene any applicable law or regulation or result in actual liability under Section 16(b) for the Participant whose Award is modified.

(n) *Limitation on Rights Conferred under Plan* . Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a subsidiary or affiliate, (ii) interfering in any way with the right of the Company or a subsidiary or affiliate to terminate any Eligible Person's or Participant's employment or service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and employees, or (iv) conferring on a Participant any of the rights of a stockholder of the Company unless and until the Participant is duly issued or transferred shares of Stock in accordance with the terms of an Award or an Option is duly exercised. Except as expressly provided in the Plan and an Award document, neither the Plan nor any Award document shall confer on any person other than the Company and the Participant any rights or remedies thereunder.

(o) *Severability; Entire Agreement* . If any of the provisions of this Plan or any Award document is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability, and the remaining provisions shall not be affected thereby; provided, that, if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision shall be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder. The Plan and any Award documents contain the entire agreement of the parties with respect to the subject matter thereof and supersede all prior agreements (unless an employment agreement entered into between the Company and the Participant specifically provides contradictory terms, in which case the terms of the employment

agreement shall govern), promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter thereof.

(p) *Plan Effective Date and Termination* . The Plan shall become effective if, and at such time as, the stockholders of the Company have approved it by the affirmative votes of the holders of a majority of the voting securities of the Company present in person or by proxy and entitled to vote on the subject matter at a duly held meeting of stockholders at which a quorum is present. Unless earlier terminated by action of the Board, the Plan will remain in effect until such time as no Stock remains available for delivery under the Plan and the Company has no further rights or obligations under the Plan with respect to outstanding Awards under the Plan.

AMENDED AND RESTATED EMPLOYMENT SEPARATION AGREEMENT

This Amended and Restated Employment Separation Agreement (this "Agreement"), effective as of October 20, 2014, is entered into by and between PDI, Inc., a Delaware corporation (the "Company"), having its principal place of business at Morris Corporate Center I, Building A, 300 Interpace Parkway, Parsippany, New Jersey, and Mr. Jeffrey E. Smith, residing at [**********] (the "Executive").

WHEREAS, the Company and Executive previously entered into an Employment Separation Agreement, effective as of May 15, 2006 and an Amended and Restated Employment Separation Agreement effective December 31, 2008 (copies of which are attached hereto as **Exhibit A**) (the "Prior Agreements"); and

WHEREAS, the Company and the Executive desire to again amend and restate the Prior Agreements to make certain changes, with this Agreement to supersede the Prior Agreements in their entirety.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereby agree as follows:

1. **Employment.** In connection with the Executive's acceptance of continuing employment, the Company shall employ the Executive as Vice President of Corporate Development commencing on or about October 20, 2014, which employment shall terminate upon notice by either party, for any reason. *Executive understands and agrees that his employment with the Company is at will and can be terminated at any time by either party, and for any or* ***no reason***.

2. **Termination Benefits.** In consideration of Executive's change in title and continued employment, the Company agrees that if it terminates the Executive's employment for any reason or if the Executive terminates his employment as provided for in Section 2e hereof, and, as of the 45 day following his termination, the Executive has executed a form of Severance Agreement and General Release acceptable in form and substance to the Company (the "Release"), any applicable revocation period has expired and Executive has not revoked the Release during such revocation period, then such termination shall be considered Executive's "retirement" and:

a. Executive shall be paid a lump sum payment equal to the greater of: (i) (A) the product of eighteen (18) times his Base Monthly Salary, plus (B) the average cash incentive compensation paid to the Executive during the most recent three years immediately preceding the termination date for which such incentive compensation was paid; or (ii) the same calculation in (i) above, however, the date in (B) shall not be the termination date but October 20, 2014. The greater of the calculations ((i) or (ii) above) is referred to herein as the "Severance Payment." Subject to Section 2d below, such payment shall be made within sixty (60) days after Executive's termination date.

b. In the event that the Company is obligated to pay the Executive the Severance Payment, in addition to such payment the Company shall reimburse Executive for the costs of the premiums for the continuation of the Executive's health and welfare benefits under the Company's group health plan under COBRA for up to twelve (12) months (the "COBRA Benefit"), provided that no reimbursement shall be paid unless and until Executive

submits proof of payment acceptable to the Company within 90 days after Executive incurs such expense. Any reimbursements of the COBRA premium that are taxable to the Executive shall be made on or before the last day of the year following the year in which the COBRA premium was incurred, the amount of the COBRA premium eligible for reimbursement during one year shall not affect the amount of COBRA premium eligible for reimbursement in any other year, and the right to reimbursement shall not be subject to liquidation or exchange for another benefit. If the Executive becomes employed by a third party and is entitled to comparable health and welfare benefits then the Company is entitled to discontinue the COBRA Benefit.

c. All payments due hereunder shall be subject to withholding for applicable federal, state and local income and employment related taxes. In the event of any termination of the Executive's employment with the Company, the Executive shall continue to be bound by the Confidentiality, Non-Solicitation, and Covenant Not to Compete Agreement signed by Executive and effective May 15, 2006, a copy of which is attached hereto as **Exhibit B** (the "Confidentiality Agreement") for the periods set forth therein. No termination benefits will be paid if the Executive resigns or terminates his employment for any reason other than as set forth in Section 2e.

d. Notwithstanding anything herein to the contrary, if at the time of Executive's termination of employment with the Company, Executive is a "specified employee" within the meaning of Code Section 409A and the regulations promulgated thereunder, then the Company shall delay the commencement of such payments (without any reduction) by a period of six (6) months after Executive's termination of employment. Any payments that would have been paid during such six (6) month period but for the provisions of the preceding sentence shall be paid in a lump sum to Executive six (6) months and one (1) day after Executive's termination of employment. The 6-month payment delay requirements of this Section 2d shall apply only to the extent that the payments under this Section 2 are subject to Code Section 409A. With respect to payments or benefits under this Agreement that are subject to Code Section 409A, whether Executive has had a termination of employment shall be determined in accordance with Code Section 409A and applicable guidance issued thereunder.

e. Subject to the terms and conditions set forth in Section 2a above, the Executive shall be entitled to the Severance Payment and the COBRA Benefit if he terminates his employment with the Company (i) because the Executive suffers a reduction in his annual base salary; (ii) if the Company modifies the Executive's overall compensation plan in a manner that materially reduces the Executive's earning potential; (iii) if the Company relocates its principal place of business more than 50 miles from the Executive's current residence; or (iv) in the event of Executive's death or disability (which in the opinion of a physician designated by PDI permanently prevents Executive from being able to render services to PDI); provided, however, that with respect to items (i) and (ii) above, within thirty (30) days of written notice by the Executive, the Company has not cured, or commenced to cure, such reduction.

3. **Definitions.**

Base Monthly Salary shall mean an amount equal to one-twelfth of the Executive's then current annual base salary. Base Monthly Salary shall not include incentives,

bonus(es), health and welfare benefits, car allowances, long term disability insurance or any other compensation or benefit provided to employees of the Company at the executive level.

4. **Integration: Amendment.** This Agreement and Confidentiality Agreement **(Exhibit B)** constitute the entire agreement between the parties hereto with respect to the matters set forth herein and supersede and render of no force and effect all prior understandings and agreements between the parties with respect to the matters set forth herein. No amendments or additions to this Agreement or the Confidentiality Agreement shall be binding unless in writing and signed by both parties.

5. **Governing Law: Headings.** This Agreement and its construction, performance and enforceability shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without regard to its conflicts of law provisions. Headings and titles herein are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

6. **Jurisdiction.** Except as otherwise provided for herein, each of the parties (a) irrevocably submits to the exclusive jurisdiction of any state court or federal court sitting in New Jersey in any action or proceeding arising out of or relating to this Agreement; (b) agrees that all claims in respect of the action or proceeding may be heard and determined in any such court; (c) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court; and (d) waives any right such party may have to a trial by jury with respect to any action or proceeding arising out of or relating to this Agreement. Each of the parties waives any defense of inconvenient forum to the maintenance of any action or proceedings so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Any party may make service on another party by sending or delivering a copy of the process to the party to be served at the address set forth above or such updated address as may be provided to the other party. Nothing in this Section 6, however, shall affect the right of any party to serve legal process in any other manner permitted by law.

7. **Assignment**. This Agreement may and shall be assigned or transferred to, and be binding upon and shall inure to the benefit of any Successor Company (any company that acquires 50% or more of the Company or is the surviving entity in the event of an acquisition, merger, combination or similar transaction).

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first above written.

EXECUTIVE

By: /s/ Jeffrey E. Smith
Jeffrey E. Smith

PDI, INC.

By: /s/ Nancy Lurker
Nancy Lurker
Chief Executive Officer

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR QUALIFIED UNDER STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, OR (B) IF SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF SECTION 5 OF THE ACT AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER AND ANY APPLICABLE STATE SECURITIES LAWS.

THIS NOTE AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THE SUBORDINATION AGREEMENT (AS DEFINED BELOW). NOTWITHSTANDING ANY CONTRARY STATEMENT CONTAINED IN THIS NOTE, NO PAYMENT ON ACCOUNT OF ANY OBLIGATION ARISING FROM OR IN CONNECTION WITH THIS NOTE OR ANY RELATED AGREEMENT SHALL BE MADE, PAID, RECEIVED OR ACCEPTED EXCEPT IN ACCORDANCE WITH THE TERMS OF THE SUBORDINATION AGREEMENT.

THIS NOTE CONTAINS ORIGINAL ISSUE DISCOUNT, AS DEFINED IN SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. PLEASE CONTACT GRAHAM G. MIAO, CHIEF FINANCIAL OFFICER OF PDI, AT PHONE NUMBER 862-207-7824 FOR THE ISSUE DATE OF THE NOTE, THE ORIGINAL ISSUE DISCOUNT IN THE NOTE AND THE YIELD TO MATURITY.

PDI, INC.

NON-NEGOTIABLE SUBORDINATED Secured PROMISSORY NOTE

$11,000,000 October 31, 2014

FOR VALUE RECEIVED, PDI, Inc., a Delaware corporation ("**PDI**") and Interpace Diagnostics, LLC, a Delaware limited liability company (the "**Parent,**" and together with PDI, the "**PDI Parties**"), hereby jointly and severally, promise to pay to REDPATH EQUITYHOLDER REPRESENTATIVE, LLC, a Delaware limited liability company (" **Payee**"), for distribution to the Equityholders pursuant to the Initial Payment Allocation Schedule delivered pursuant to the Merger Agreement (as defined below), the principal amount of Eleven Million Dollars ($11,000,000) (the "**Principal Amount**"), together with interest after an event of default as provided for below. Terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Merger Agreement (as defined below).

1. Note. This Non-Negotiable Subordinated Secured Promissory Note (this "**Note**") is issued pursuant to that certain Agreement and Plan of Merger dated October 31, 2014 by and among PDI, Interpace Diagnostics, LLC, a Delaware limited liability company, RedPath Integrated Pathology, Inc., a Delaware corporation, RedPath Acquisition Sub, Inc., a Delaware corporation, and Payee, solely in its capacity as Equityholder Representative (the "**Merger Agreement**).

2. Interest. Prior to the occurrence of an Event of Default, the outstanding Principal Amount of this Note shall not accrue interest. Upon the occurrence and during the continuance of an Event of Default, the outstanding Principal Amount of this Note shall bear interest at the *per annum* rate of five percent (5%), which interest shall be computed on the outstanding Principal Amount. The interest due, if any, on the outstanding Principal Amount shall be computed based on a three-hundred sixty (360) day year.

3. Term. The term of this Note shall commence on the date hereof and continue until July 1, 2018, at which time any outstanding Principal Amount, together with interest computed under Section 2 herein, if any, shall be due and payable in full.

4. Payments. Subject to Section 8 of this Note, PDI shall make eight (8) consecutive quarterly payments of principal, each equal to One Million Three Hundred Seventy Five Thousand Dollars ($1,375,000) together with accrued and unpaid interest thereon as computed under Section 2 herein, if any, with the first payment of principal and interest, if any, due October 1, 2016.

5. Method of Payments. PDI shall make or cause to be made all payments to be made pursuant to this Note in lawful money of the United State of America by company check, cashier's check or wire transfer of immediately available funds. If any payment date shall fall on a date which is not a Business Day, payment may be made on the next succeeding Business Day.

6. Prepayments. PDI may voluntarily prepay this Note, in whole or in part, at any time, and from time to time, without penalty or premium of any kind provided that any prepayment complies with the Subordination Agreement.

7. Security. This Note is and shall be secured in accordance with the terms of the Security Documents.

8. Subordination. PDI's obligations under this Note shall be subject to the terms of that certain Subordination and Intercreditor Agreement dated October 31, 2014 by and among SWK Funding LLC ("SWK"), the PDI Parties and Payee (together with any amendments, restatements or modifications thereof, the **"Subordination Agreement**"). In the event that any payment required to be paid under this Note is blocked in accordance with the terms of the Subordination Agreement, such amounts shall be due and payable on the date that is the earlier of (a) ten (10) Business Days after the date on which the entire balance thereof can be paid in accordance with the restrictions of any applicable Subordination Agreement, and (b) an Event of Default under Section 9 below.

9. Costs and Expenses. In addition to the Principal Amount and interest due hereunder, Payee shall be entitled to recover, and PDI hereby unconditionally agrees to be liable to Payee for, all costs and expenses incurred by Payee in enforcing its rights or remedies under this Note or the Security Documents, including reasonable attorneys' fees, and such amounts shall be added to and considered part of the indebtedness due under this Note.

10. Events of Default. The occurrence of one or more of the following events shall constitute an event of default hereunder (each, an "Event of Default"):

(a) the PDI Parties shall fail to make any payment of principal due to Payee under this Note within ten (10) Business Days after the date such payment is due, except if and to the extent such payment is prohibited pursuant to the applicable Subordination Agreement.

(b) Any of the PDI Parties: (i) is adjudicated insolvent or bankrupt; (ii) suffers the appointment of a custodian, receiver or trustee for it or substantially all of its property and if appointed without its consent, not be discharged within sixty (60) days; (iii) makes an assignment for the benefit of creditors generally; (iv) suffers proceedings under any law related to bankruptcy, insolvency, liquidation or the reorganization, readjustment or the release of debtors to be instituted against it, and such proceeding is not dismissed or stayed within sixty (60) days; (v) becomes a debtor under any law related to bankruptcy, insolvency, liquidation, or the reorganization, readjustment or the release of debtors is instituted or commenced by any of the PDI Parties; or (vi) becomes a debtor under any law related to bankruptcy, insolvency, liquidation, or the reorganization, readjustment or the release of debtors, if such proceeding is instituted or commenced against any of the PDI Parties, and such proceeding is not dismissed or stayed within sixty (60) days.

(c) The violation of any term, covenant or condition of the Security Documents or Section 3.1 of the Subordination Agreement and such failure shall not be remedied within the cure period, if any, provided therein.

(d) The occurrence of any "Event of Default" as defined under any of the Security Documents, which Event of Default shall not be remedied within the cure period, if any, provided therein.

(e) Any guarantor revokes or terminates, attempts to revoke or terminate or fails to perform its obligations under, its guaranty of this Note.

(f) The occurrence and continuance of (i) an Event of Default under that certain Credit Agreement among the PDI Parties, SWK and the lenders party thereto dated as of October 31, 2014, (the **"Senior Credit Agreement"**), or (ii) any "Event of Default" as defined under any loan agreement, note or other documents or agreements governing a revolving line of credit made available to the PDI Parties, or any of them, in accordance with Section 10.21 of the Senior Credit Agreement.

11. Remedies. Subject to the Subordination Agreement, upon the occurrence of any Event of Default, (i) the entire principal amount outstanding hereunder together with interest and all amounts owing under this Note and any of the Security Documents shall, at the option of Payee, become immediately due and payable immediately, and (ii) the Payee may exercise any right or remedy which it has under the Security Documents or otherwise available at law or in equity or by statute and all of Payee's rights and remedies shall be cumulative. If an Event of Default shall occur and to the extent not prohibited by the Subordination Agreement, Payee shall have the right, in addition to all other rights and remedies available to it, without notice to PDI, to set off against and apply to the then unpaid balance of this Note and all other obligations of PDI hereunder or any of the Security Documents any debt owing to PDI by Payee. Such right shall exist whether or not Payee shall have made any demand under this Note or the Security Documents, whether or not such debt owing to or funds held for the account of the Borrower is or are matured or unmatured and regardless of the existence or adequacy of any collateral or guaranty or any right or remedy available to Payee.

12. Withholding. PDI shall be entitled to deduct and withhold from any amounts payable hereunder such amounts as it is required to deduct and withhold under applicable law. To the extent that amounts are so withheld by PDI, such withheld amounts shall be treated for all purposes of hereunder as having been paid to the Payee.

13. Waivers; Amendments. PDI hereby waives presentment, demand, protest and notice of any kind, other than any notice expressly required by this Note. No failure or delay on the part of Payee in exercising any right, power, privilege or remedy hereunder or under the Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, privilege or

remedy preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. The remedies provided for herein and in this Note are cumulative and are not exclusive of any remedies that may be available to Payee at law or in equity or otherwise. This Note may not be amended except in a writing, signed by PDI and Payee.

14. Non-Negotiable Instrument. It is the express intent of PDI and Payee that this Note is not a negotiable instrument and may not be assigned by either party without the prior written consent of the other, which consent will not be unreasonably withheld.

15. Submission to Jurisdiction; Consent to Service of Process. The PDI Parties irrevocably submit to the non-exclusive jurisdiction of any federal or state court located within the State of Delaware over any dispute arising out of or relating to this Note and the PDI Partieshereby irrevocably agree that all claims in respect of such dispute or any suit, action proceeding related thereto may be heard and determined in such courts. The PDI Parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. The PDI Parties agree that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The PDI Partieshereby consent to process being served by any party to this Note in any suit, action or proceeding by delivery of a copy thereof in accordance with the provisions of Section 17.

16. WAIVER OF JURY TRIAL. THE PDI PARTIESHEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (i) ARISING UNDER THIS NOTE OR THE SECURITY DOCUMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS NOTE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. THE PDI PARTIESHEREBY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT PAYEE MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS NOTE WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT TO THE WAIVER OF RIGHT TO TRIAL BY JURY.

17. Notices. All notices and other communications under this Note shall be in writing and shall be deemed given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by facsimile (with written confirmation of transmission) or (iii) one (1) Business Day following the day sent by overnight courier (with written confirmation of receipt), in each case at the following addresses and facsimile numbers (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision):

If to Payee, to:

Radnor Financial Center
555 E. Lancaster Avenue, Suite 520
Radnor, Pennsylvania 19087
Facsimile: 610.567.2388
Attention: Brian Murphy

With a copy, which shall not constitute notice, to:

Buchanan Ingersoll & Rooney, PC
301 Grant Street, 20th Floor
Pittsburgh, Pennsylvania 15219
Facsimile: 412.562.1041
Attention: Craig S. Heryford, Esq.

If to PDI, to:

PDI, Inc.
Morris Corporate Center 1, Building A
300 Interpace Parkway
Parsippany, NJ 07054
Facsimile: 862.207.7899
Attention: Graham G. Miao

With a copy, which shall not constitute notice, to:

Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103
Facsimile: 866.422.3671
Attention: Steven J. Abrams, Esq. and John P. Duke, Esq.

18. Severability. If any term or other provision of this Note is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Note shall nevertheless remain in full force and effect so long as the economic or legal substance of this Note is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, this Note shall be interpreted so as to effect the original intent of the parties as closely as possible.

19. Successors and Assigns. This Note shall inure to the benefit of Payee and its successors and assigns and shall bind the PDI Parties, and their successors and permitted assigns. The word "Payee" and whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

20. Rules of Construction. Any reference in this Note to $ shall mean U.S. dollars. Any reference in this Note to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa. The insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Note. All references in this Note to any "Section" are to the corresponding Section of this Note unless otherwise specified. The words such as "herein," "hereof," and "hereunder" refer to this Note as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The word "including" or any variation thereof means "including, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, each of the undersigned has caused this Non-Negotiable Subordinated Secured Promissory Note to be duly executed as of the date first written above.

PDI, INC.

By: /s/ Nancy Lurker
Name: Nancy Lurker
Title: Chief Executive Officer

INTERPACE DIAGNOSTICS, LLC

By: /s/ Nancy Lurker
Name: Nancy Lurker
Title: Chief Executive Officer

CONTINGENT CONSIDERATION AGREEMENT

This Contingent Consideration Agreement (this "**Agreement**") is entered into as of October 31, 2014, by and among PDI, Inc., a Delaware corporation ("**PDI**"), Interpace Diagnostics, LLC, a Delaware limited liability company ("**Parent**"), and RedPath Equityholder Representative, LLC, a Delaware limited liability company, solely in its capacity as Equityholder Representative (the "**Equityholder Representative**").

RECITALS

WHEREAS, pursuant to that certain Agreement and Plan of Merger (the " **Merger Agreement**") entered into by PDI, Parent, RedPath Acquisition Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent ("**Merger Sub**"), RedPath Integrated Pathology, Inc., a Delaware corporation (the " **Company**"), and Equityholder Representative as of October 31, 2014, the Company plans to merge with Merger Sub with the Company continuing in existence as the surviving corporation (the "**Surviving Corporation**");

WHEREAS, pursuant to the Merger Agreement, the execution and delivery of this Agreement is a condition precedent to the consummation of the Transactions; and

WHEREAS, all capitalized terms used but not defined herein shall have the meanings ascribed to them in the Merger Agreement.

NOW, THEREFORE, in consideration of the promises and of the covenants and provisions contained herein, the parties hereby agree as follows:

I. **Future Payments.**

(a) Future Payments. PDI and Parent (collectively, the "**PDI Parties**"), jointly and severally, promise to pay that portion of the Future Payments, if any, set forth in the "Future Payments" column in the "Milestone Table" upon achievement of the applicable milestone set forth in the column labeled "Milestone" and on the same row as the applicable Future Payment.

Milestone Table

Milestones	Future Payments
Upon acceptance by a mutually-agreed high quality journal that is peer-reviewed, refereed, listed in PubMed Index and not pay to be published article related to *Pathfinder TG* for the management of Barrett's esophagus. The Company typically refers to this study as the "20/40 Progressor Study".	500,000 shares of Common Stock issued as of the later of the Closing or date of completion of milestone at then current price. PDI Common Stock shall be issued to Equityholders in accordance with the Future Payment Allocation Schedule, as directed by the Equityholders Representative, in accordance with the terms of the Merger Agreement.
Upon "Commercial Launch of *Pathfinder TG* for the management of Barrett's esophagus". "Commercial Launch of *Pathfinder TG* for the management of Barrett's esophagus" shall mean the commercial sale of Pathfinder TG for Barrett's Esophagus to a gastroenterologist or pathologist in a clinical setting.	500,000 shares of Common Stock issued as of the later of the Closing or date of completion of milestone at then current price. PDI Common Stock shall be issued to Equityholders in accordance with the Future Payment Allocation Schedule, as directed by the Equityholders Representative, in accordance with the terms of the Merger Agreement.
Upon first achievement of $14 million in calendar year annual Net Sales from *Pathfinder TG* for Barrett's esophagus	$5 million in cash to be paid within 90 days of the end of the calendar year in which $14 million in Net Sales from Pathfinder TG for Barrett's esophagus is achieved.
Upon first achievement of $37 million in calendar year annual Net Sales from all Company Products	$5 million in cash to be paid within 90 days of end of calendar year in which $37 million in Net Sales from Company Products is achieved.

Future revenue based payments ("**Future Revenue Based Payments**") calculations per calendar year for *Pathfinder TG* - Pancreas, starting in 2015 and continuing for ten years. Through 2017, all Future Revenue Based Payments will be paid within 90 days of the end of the calendar year in which Future Revenue Based Payments are earned. Subsequent to 2017, Future Revenue Based Payments will be paid quarterly, 45 days in arrears.	For *Pathfinder TG* - Pancreas: 0% on annual Net Sales of *Pathfinder TG* - Pancreas up to $12 million 6.5% on annual Net Sales of *Pathfinder TG* - Pancreas over $12 million *(Example: $35 million on annual Net Sales of Pathfinder TG - Pancreas pays $1.495 million Future Revenue Based Payments)*
Future Revenue Based Payments calculations per calendar year for *Pathfinder TG* - Barrett's esophagus, starting the year of launch if launched in first half of year or year subsequent to launch if launched in second half of year and continuing for ten years. Through 2017, all Future Revenue Based Payments will be paid within 90 days of the end of the calendar year in which Future Revenue Based Payments are earned. Subsequent to 2017, Future Revenue Based Payments will be paid quarterly, 45 days in arrears.	For *Pathfinder TG* - Barrett's esophagus: 10% on annual Net Sales of *Pathfinder TG* - Barrett's Esophagus up to $30 million 20% on annual Net Sales of *Pathfinder TG* - Barrett's Esophagus over $30 million *(Example: $40 million on annual Net Sales of Pathfinder TG - Barrett's esophagus pays $5 million Future Revenue Based Payments).*

(b) In the event PDI, Parent or the Surviving Corporation (i) consolidates with or merges into any other Person and following such consolidation or merger, the stockholders of PDI immediately prior to such consolidation or merger do not possess, directly or indirectly through one or more intermediaries, the power to direct or cause the direction of the management and policies of the surviving entity, whether through ownership of voting securities, by contract or otherwise, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person who is not an Affiliate of PDI immediately prior to the transfer or conveyance or does not become controlled (as defined in the Merger Agreement) by PDI in connection with such transfer or conveyance, then, and in each such case, to the extent necessary, (A) proper provision shall be made to the extent not otherwise effected by operation of law so that the successors of PDI or Parent, as the case may be, assume the payment obligations of PDI or Parent, as the case may be, set forth in this Agreement, and (B) if such event occurs within 18 months after the Closing Date, PDI and Parent agree that any Future Payments that are contemplated to be paid in PDI Common Stock that have not previously been paid shall be deemed earned as of the date of such transaction and PDI shall immediately issue such shares of PDI Common Stock in accordance with the terms of the Merger Agreement.

(c) "**Company Products**" means the products specified in clauses (i) and (ii):

(i) Non-Molecular: The Company's assays for CEA and Amylase when used for analyzing pancreatic cyst lesions and currently marketed as of the Effective Time.

(ii) Molecular - all of the following products:

(1) **mirInform® Pancreas** - The microRNA pancreas test that assays for miR-135b, miR-196a, miR-24, miR-130b and miR-148a that Parent acquired from Asuragen, Inc. under an Asset Purchase Agreement dated as of August 13, 2014.

(2) "***PathFinder TG* - Barrett's Esophagus**" - The Company's assay used to measures the presence and extent of genomic instability in samples from the esophagus which correlates with risk of progression to cancer and that uses the Company's *Pathfinder TG* technology platform.

(3) "***Pathfinder TG* - Pancreas**" - An assay performed on pancreatic cyst fluid to discriminate among non-neoplastic (pseudocyst), benign/nonprogressive (serous cystadenoma), benign/potentially progressive (mucinous neoplasia) and aggressive mucinous neoplastic disease that uses the Company's *Pathfinder TG* technology platform and is currently marketed as of the Effective Time.

(4) Any of the following assays performed by the Company prior to the Effective Date using its technologies and then performed by the Surviving Corporation after the Effective Date: (I) an assay that uses pancreatic cyst fluid or solid specimen sampling for discrimination between indolent/non-metastatic endocrine tumor formation versus aggressive/metastatic endocrine cancer formation; (II) an assay that uses pancreatic needle aspiration of solid lesions for discrimination between non-neoplastic disease (pancreatitis) from pancreatic cancer; (III) an assay that uses pancreaticobiliary brush specimens and cytology for discrimination between non-neoplastic disease (benign stricture formation) versus pancreatic/bile duct cancer; (IV) an assay that uses pancreatobiliary brushings to follow stricture behavior over time in sclerosing cholangitis; (V) an assay that uses comparative mutational profiling to differentiate multifocal de novo cancer formation versus intra-organ spread of one cancer; (VI) an assay that uses comparative mutational profiling to identify new organ cancer formation in patients with antecedent cancer; (VII) an assay that uses comparative mutational profiling to differentiate cytologic atypia as representing cancer spread in patients with antecedent or synchronous cancer from reactive cytologic atypia or non-neoplastic cells; (VIII) an assay that uses comparative mutational profiling to define the primary site of cancer formation in relationship to multiple sites of metastatic spread; (IX) an assay that uses comparative mutational profiling to differentiate local recurrence of cancer versus new primary cancer formation; (X) an assay marketed using the *Pathfinder TG* mark that uses comparative mutational profiling for improved histopathologic classification (low grade versus high grade status), differentiation of reactive gliosis from glioma and better individual patient prediction of treatment responsiveness based on 1p/19q status that the Company; (XI) an assay of the Company marketed under the *ToxFinder TG* mark that uses comparative mutational profiling to discriminate between sporadic cancer formations versus cancer formation associated with genotoxic compound exposure; and (XII) an assay that resolves the origin of tissue/cytology specimens.

(d) "**Net Sales**" means, with respect to a particular Company Product for any period, the gross amount invoiced by the Surviving Corporation or any of its Affiliates for any Qualifying Services anywhere in the world (collectively, the "**Invoiced Sales**"), less deductions for: (i) normal and customary trade, quantity and cash discounts and sales returns and allowances, including those granted on account of price adjustments, billing errors, rejected goods, damaged goods and returns, chargebacks and amounts for which collectability is not reasonably assured; (ii) freight, postage, shipping and insurance expenses to the extent that such items are included in the Invoiced Sales; (iii) customs and excise duties and other duties related to the sales to the extent that such items are included in the Invoiced Sales; (iv) rebates and similar payments made with respect to sales paid for by any governmental authority such as Federal or state Medicaid, Medicare or similar state program or equivalent foreign governmental program; and (v) in the case where the invoicing company does not have a reimbursement contract with the payor, the difference between the dollar amount of the Invoiced Sales invoiced by the invoicing company to such payor and the amount actually collected by the invoicing company from such Invoiced Sales. Net Sales shall be calculated in accordance with GAAP, as applied in PDI's or its Affiliates' publicly filed financial statements; provided that in the case of Qualifying Sales that are invoiced to third party payors such as insurance companies, the Invoiced Sales shall be deemed to occur (1) in the case where the invoicing company has a reimbursement contract with such third party payor, at the time that the invoice has been sent by the invoicing company for payment, and (2) in the case where the invoicing company does not have a reimbursement contract with such third party payor, at the time that the invoicing company collects payment from the third party and in which case Net Sales on such Qualifying Service shall equal the amount collected by the invoicing company less the deductions described in clauses (i) through (iv).

(e) "**Qualifying Service**" means in respect of a particular Company Product, the use by the Surviving Corporation or any of its Affiliates of such Company Product to perform diagnostic testing services on behalf of or for any Third Party anywhere in the world.

(f) Timing and Manner of Future Payments. The PDI Parties shall pay and deliver to the Equityholder Representative, the Future Payments, if any, that are due to the Equityholders in accordance with the instructions set forth on Exhibit A hereto; provided, however, that the Equityholder Representative shall deliver to PDI certifications (in a form reasonably acceptable to PDI) for each Equityholder that is to receive Stock Consideration that such Equityholder is an Accredited Investor as of immediately prior to each issuance of any Stock Consideration to such Equityholder pursuant to the terms and conditions of this Agreement. The Future Payments payable to the Equityholder Representative for the account of the Equityholders shall be payable in accordance with the terms and subject to the conditions of this Agreement and the Merger Agreement (including, without limitation, those conditions set forth in Exhibit A), by wire transfer of immediately available funds to the bank account designated by the Equityholder Representative to the PDI Parties on Exhibit B attached hereto.

(g) Notice of Milestone Achievement. Within fifteen (15) days after achievement of any of the Milestones that results in a one-time Future Payment, the PDI Parties shall give the Equityholder Representative written notice of such achievement.

(h) Net Sales Reports. Within forty-five (45) days after the end of each calendar quarter beginning with the calendar quarter ending March 31, 2015 and continuing until Future Payments are no longer payable under this Agreement, the PDI Parties shall, or shall cause the Surviving Corporation to, provide to the Equityholder Representative a report detailing: (i) the Net Sales of each Company Product; (ii) the basis for any deductions from Invoiced Sales to determine Net Sales; (iii) the exchange rates used in calculating any of the foregoing; and (iv) a calculation of the amount of Future Revenue Based Payments due.

(i) Audit Rights. At the request of the Equityholder Representative, the PDI Parties shall, and shall cause its Affiliates to, permit an independent certified public accountant retained by the Equityholder Representative, during normal business hours and upon reasonable notice, to audit the books and records maintained by the PDI Parties and its Affiliates concerning the calculation of Net Sales. Such audits may not (i) be conducted for any calendar quarter more than two years after the end of such calendar quarter, (ii) be conducted more than once in any 12-month period (unless a previous audit during such 12-month period revealed an underpayment with respect to such period or the PDI Parties or any of their Affiliates) restates or revises such books and records for such 12-month period as they relate to Company Products or Net Sales) or (iii) be repeated for any calendar quarter. Except as provided below, the cost of any audit shall be borne by the Equityholder Representative, unless the audit reveals a variance of more than five percent (5%) from the reported amounts, in which case the PDI Parties shall bear the cost of the audit. Unless disputed pursuant to Section I(j), if such audit concludes that additional payments were owed or that excess payments were made during such period, then, (i) in the case of underpayments, the PDI Parties shall pay the additional amounts within thirty (30) days after the date on which such audit is completed and the conclusions thereof are notified to the parties or, (ii) in the case of overpayments, the Parties shall set off the excess payment against Future Payments made after such conclusion.

(j) Disputes. In the event of a dispute over the results of any audit conducted pursuant to Section I(i), the Equityholder Representative and the PDI Parties shall work in good faith to resolve such dispute. If the parties are unable to reach a mutually acceptable resolution of any such dispute within thirty (30) days, the dispute shall be submitted to an independent accounting firm as may be mutually agreed upon by the parties hereto (the "Arbitrating Accountants"). The decision of the Arbitrating Accountants shall be final and the costs of such arbitration as well as the initial audit shall be borne between the parties in such manner as the Arbitrating Accountants shall determine. Not later than thirty (30) days after such decision and in accordance with such decision, the PDI Parties shall either pay the additional Future Revenue Based Payments or set off the excess payment against Future Payments to be made after such decision, as applicable.

(k) Confidentiality. The Equityholder Representative shall treat all information subject to review under Section I(i) in accordance with the confidentiality provisions of Section 6.1 of the Merger Agreement and the Equityholder Representative shall cause the independent public accountant retained by the Equityholder Representative pursuant to Section I(i) or the Arbitrating Accountant, as applicable, to enter into a reasonably acceptable confidentiality agreement with the Surviving Corporation or its Affiliates that includes an obligation to retain all such information in confidence.

(l) Additional Purchase Price. The PDI Parties and the Equityholders agree to treat any Future Payment paid or delivered to the Equityholder Representative, on behalf of the Equityholders, as an adjustment to the Merger Consideration under the Merger Agreement for all income tax purposes to the extent permitted by Law.

(m) Currency. The Future Payments shall be paid in lawful money of the United States of America in immediately available funds to such account as the Equityholder Representative may designate.

(n) Withholding. The PDI Parties shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement such amounts as it is required to deduct and withhold under the Code, or any Tax Laws, with respect to the making of such payment. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes of this Agreement and the Merger Agreement as having been paid to the Equityholders in respect of whom such deduction and withholding was made.

I. Acknowledgements and Agreements of Equityholder Representative. The Equityholder Representative, on behalf of the Equityholders, acknowledges and agrees that (i) the Future Payments are speculative and subject to numerous factors outside the control of the PDI Parties, (ii) there is no assurance that the Equityholders will receive any Future Payments and none of the PDI Parties have promised any Future Payments, and (iii) the parties solely intend the express provisions of this Agreement and the Merger Agreement to govern their contractual relationship.

II. Covenants. (a) The PDI Parties shall use Commercially Reasonable Efforts to achieve, or cause achievement of, the Milestones; provided that the PDI Parties have no obligation to market and sell any of the Company Products defined in Section I(c)(ii)(4). The PDI Parties shall not take any action or inaction to intentionally circumvent any payment obligations it may have hereunder. "**Commercially Reasonable Efforts**" means those efforts that a similarly situated company focused on laboratory developed tests in the clinical market, taking into account the resources of the PDI Parties, would reasonably devote to a similar service offering under similar circumstances for an internal program based on conditions then prevailing taking into account all relevant factors including market potential, profit potential, strategic value, efficacy, safety, cost of manufacturing, competitiveness of alternative products in the marketplace, stage of development, technological obsolescence, intellectual property and other proprietary positions changes in regulatory status and Law and changes in reimbursement rates, policies and procedures.

(b) The PDI Parties commit to continue ongoing research and development expenditures into the Barrett's Esophagus program based on the Company's projected research and development expenditures, up to the amount of One Million Dollars ($1,000,000), should this program prove to be a viable commercial opportunity to the PDI Parties.

III. Miscellaneous.

(a) Termination. This Agreement shall be terminated on the earlier of (a) the final and full unconditional payment by the PDI Parties of all Future Payments and other sums owed to the Equityholder Representative hereunder, if any, or (b) the date on which no further Future Payments or any other sums are or may be due hereunder.

(b) Entire Agreement; Amendments and Waivers . This Agreement and the Merger Agreement (including the schedules and exhibits thereto) and the Related Documents represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law. No amendment, modification or supplement to this Agreement shall be made without written consent of PDI or Parent, as applicable, and Equityholder Representative.

(c) Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the Transactions are consummated as originally contemplated to the greatest extent possible.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and performed in such state, without regard to the conflicts of law principles of any jurisdiction.

(e) Notice. Any notice required or permitted under this Agreement shall be given pursuant to the Notices section of the Merger Agreement.

(f) Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. No assignment of this Agreement or of any rights or obligations hereunder may be made by any party to this Agreement (by operation of law or otherwise) without the prior written consent of the other parties hereto and any attempted assignment without the required consents shall be

void; provided that the PDI Parties may assign or delegate any or all of their respective rights or obligations hereunder without the prior written consent of any other party to an Affiliate or to a successor, whether in a merger, sale of stock, sale of assets or other similar transaction with respect to the business to which this Agreement relates, which assignment or delegation shall not relieve the PDI Parties of their obligations under this Agreement.

(g) Counterparts. This Agreement may be executed in one or more counterparts, including execution by facsimile or other electronic means, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

(h) Cooperation. During the term of this Agreement, each party will cooperate with and assist the other parties in taking such acts as may be appropriate to enable all parties to effect compliance with the terms of this Agreement and to carry out the true intent and purposes hereof.

(i) Disputes. Any controversy or claim arising out of or relating to this Agreement, or any breach hereof, shall be subject to good faith negotiations by the parties for a period of not less than thirty (30) days and following such thirty (30) day period, shall be: (a) subject to Section I(j) to the extent such controversy or claim relates to a dispute governed by such Section; and (b) to the extent such controversy or claim relates to anything other than as provided for in this Section IV(i) shall be resolved in accordance with the terms and provisions for resolution of disputes contained in the Merger Agreement.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Contingent Consideration Agreement, as of the day and the year first set forth above.

PDI:

PDI, Inc.

By: /s/ Nancy Lurker
Name: Nancy Lurker
Title: Chief Executive Officer

PARENT:

INTERPACE DIAGNOSTICS, LLC

By: /s/ Nancy Lurker
Name: Nancy Lurker
Title: Chief Executive Officer

EQUITYHOLDER REPRESENTATIVE:

REDPATH EQUITYHOLDER
REPRESENTATIVE, LLC

By: /s/ Brian G. Murphy
Name: Brian G. Murphy
Title: General Partner

[SIGNATURE PAGE TO CONTINGENT CONSIDERATION AGREEMENT]

Exhibit A
Payment Details

All Future Payments consisting of (i) cash shall be delivered by the PDI Parties, as applicable, to the Equityholder Representative to be further distributed by the Equityholder Representative to the Equityholders in the manner set forth on the Future Payment Allocation Schedule to the Merger Agreement, and (ii) shares of PDI Common Stock shall be delivered by PDI to the Equityholders, as directed by the Equityholder Representative, in the manner set forth on the Future Payment Allocation Schedule to the Merger Agreement.

Exhibit B
Bank Wire Information

CREDIT AGREEMENT

among

PDI, Inc.
as Borrower,

SWK Funding LLC,
as Agent, Sole Lead Arranger and Sole Bookrunner,

and

the financial institutions party hereto from time to time as lenders

Dated as of October 31, 2014

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CREDIT AGREEMENT

This CREDIT AGREEMENT (as may be amended, restated, supplemented, or otherwise modified from time to time, this "Agreement") dated as of October 31, 2014 (the "Closing Date"), among PDI, INC., a Delaware corporation ("Borrower"), the financial institutions party hereto from time to time as lenders (each, a "Lender" and collectively, the "Lenders") and SWK FUNDING LLC (in its individual capacity, "SWK"), as Agent for all Lenders.

In consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. Definitions; Interpretation.

1.1 Definitions.

When used herein the following terms shall have the following meanings:

Account Control Agreement means, collectively, (a) each of those certain Deposit Account Control Agreements, by and among the applicable Loan Party, Agent and TD Bank, N.A., each dated on or about the date hereof; (b) that certain Account Agreement, by and among Borrower, Agent and Wells Fargo Advisors, National Association], dated on or about the date hereof; and (c) any similar control agreement entered into from time to time, at Agent's request, among a Loan Party, Agent and any third party bank or financial institution at which such Loan Party maintains a Deposit Account.

Acquisition means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of all or substantially all of any business or division of a Person, (b) the acquisition of in excess of fifty percent (50%) of the capital stock, partnership interests, membership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, (c) the acquisition of a product license or a product line (excluding, for purposes of Section 7.10 hereof, any pending Acquisitions as of the Closing Date as set forth on Schedule 1.1 hereto), or (d) a merger or consolidation or any other combination (other than a merger, consolidation or combination that effects a Disposition) with another Person (other than a Person that is already a Subsidiary).

Affiliate of any Person means (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person, (b) any employee, manager, officer or director of such Person and (c) with respect to any Lender, any entity administered or managed by such Lender or an Affiliate or investment advisor thereof which is engaged in making, purchasing, holding or otherwise investing in commercial loans. For purposes of the definition of the term "Affiliate", a Person shall be deemed to be "controlled by" any other Person if such Person possesses, directly or indirectly, power to vote ten percent (10%) or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managers or power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Unless expressly stated otherwise herein, neither Agent nor any Lender shall be deemed an Affiliate of Borrower or of any Subsidiary.

Agent means SWK in its capacity as administrative agent for all Lenders hereunder and any successor thereto in such capacity.

Aggregate Revenue shall have the meaning set forth in Section 2.9.1(a).

Agreement has the meaning set forth in the Preamble.

Approved AR Loan Facility means a revolving loan facility entered into by Borrower in accordance with Section 10.21 hereof and otherwise approved by Agent in accordance with such Section.

Approved Fund means (a) any fund, trust or similar entity that invests in commercial loans in the ordinary course of business and is advised or managed by (i) a Lender, (ii) an Affiliate of a Lender, (iii) the same investment advisor that manages a Lender or (iv) an Affiliate of an investment advisor that manages a Lender or (b) any finance company, insurance company or other financial institution which temporarily warehouses loans for any Lender or any Person described in clause (a) above.

Assignment Agreement means an agreement substantially in the form of Exhibit A.

Authorization shall have the meaning set forth in Section 5.22(b).

Borrower shall have the meaning set forth in the Preamble.

Business Day means any day on which commercial banks are open for commercial banking business in Dallas, Texas, and, in the case of a Business Day which relates to the calculation of LIBOR, on which dealings are carried on in the London interbank Eurodollar market.

Capital Lease means, with respect to any Person, any lease of (or other agreement conveying the right to use) any real or personal property by such Person that, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of such Person.

Cash Equivalent Investment means, at any time, (a) any evidence of Debt, maturing not more than one year after such time, issued or guaranteed by the United States Government or any agency thereof, (b) commercial paper, or corporate demand notes, in each case (unless issued by a Lender or its holding company) rated at least "A-l" by Standard & Poor's Ratings Group or "P-l" by Moody's Investors Service, Inc., (c) any certificate of deposit (or time deposit represented by a certificate of deposit) or banker's acceptance maturing not more than one year after such time, or any overnight Federal Funds transaction that is issued or sold by any Lender (or by a commercial banking institution that is a member of the Federal Reserve System or is a U.S. branch of a foreign banking institution and has a combined capital and surplus and undivided profits of not less than $500,000,000), (d) any repurchase agreement entered into with any Lender (or commercial banking institution of the nature referred to in clause (c) above) which (i) is secured by a fully perfected security interest in any obligation of the type described in any of clauses (a) through (c) above and (ii) has a market value at the time such repurchase agreement is entered into of not less than one-hundred percent (100%) of the repurchase obligation of such Lender (or other commercial banking institution) thereunder, (e) money market accounts or mutual funds which invest exclusively or substantially in assets satisfying the foregoing requirements, (f) cash, and (g) other short term liquid investments approved in writing by Agent.

Change of Control means the occurrence of any of the following, unless such action has been consented to in advance in writing by Agent in its sole discretion:

(i) any "person" or "group" (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934 as in effect on the date hereof) shall own, directly or indirectly, beneficially or of record, determined on a fully diluted basis, more than fifty percent (50%) of the Voting Securities of Borrower;

(ii) a majority of the seats (other than vacant seats) on the board of directors (or equivalent) of Borrower shall at any time be occupied by persons who were neither *(x)* nominated by the board of directors of Borrower nor *(y)* appointed by directors so nominated;

(iii) Borrower shall fail to own, directly or indirectly, one hundred percent (100%) of the issued and outstanding voting Equity Interests of each of the other Loan Parties;

(iv) a Key Person Event; or

(v) any "change in/of control" or "sale" or "disposition" or "merger" or similar event as defined in any certificate of incorporation or formation or statement of designations or bylaws or operating agreement, as applicable, of Borrower or in any document governing indebtedness of any Loan Party (other than any Loan Documents) in excess of $250,000, individually or in the aggregate which gives the holder of such indebtedness the right to accelerate or otherwise require payment of such indebtedness prior to the maturity date thereof.

CLIA means (a) the Clinical Laboratory Improvement Act of 1967, as the same may be amended, modified or supplemented from time to time, including without limitation the Clinical Laboratory Improvement Amendments, 42 U.S.C. § 263a et seq. ("CLIA 88"), and any successor statute thereto, and any and all rules or regulations promulgated from time to time thereunder, or (b) any equivalent state statute (and any and all rules or regulations promulgated from time to time thereunder) recognized by the relevant Governmental Authority as *(x)* having an "Equivalency" (as defined by CLIA) to CLIA, and *(y)* offering a compliance and regulatory framework that is applicable to a Person in such state in lieu of CLIA.

CMS means the Centers for Medicare and Medicaid Services of the United States of America.

Closing Date shall have the meaning set forth in the Preamble.

Collateral has the meaning set forth in the Guarantee and Collateral Agreement.

Collateral Access Agreement means an agreement in form and substance reasonably satisfactory to Agent pursuant to which a mortgagee or lessor of real property on which Collateral (or any books and records) is stored or otherwise located, or a warehouseman, processor or other bailee of Inventory or other property owned by any Loan Party, acknowledges the Liens of Agent and waives (or, if approved by Agent, subordinates) any Liens held by such Person on such property, and, in the case of any such agreement with a mortgagee or lessor, permits Agent reasonable access to any Collateral stored or otherwise located thereon.

Collateral Documents means, collectively, the Guarantee and Collateral Agreement, the IP Security Agreement, any Mortgage delivered in connection with the Loan from time to time, each Account Control Agreement and each other agreement or instrument pursuant to or in connection with which any Loan Party or any other Person grants a Lien in any Collateral to Agent for the benefit of Lenders.

Commitment means, as to any Lender, such Lender's Pro Rata Term Loan Share.

Compliance Certificate means a certificate substantially in the form of Exhibit B.

Consolidated Net Income means, with respect to Borrower and its Subsidiaries, for any period, the consolidated net income (or loss) of Borrower and its Subsidiaries for such period, as determined under GAAP.

Consolidated Unencumbered Liquid Assets means all Cash Equivalent Investments owned by Borrower and its Subsidiaries on a consolidated basis which are not the subject of any Lien or other arrangement with any creditor to have its claim satisfied out of such assets (or proceeds thereof) prior to the general creditors of Borrower and such Subsidiaries other than the Lien of Agent for the benefit of the Lenders and any Lien securing an Approved AR Loan Facility.

Contingent Obligation means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to or otherwise to invest in a debtor, or otherwise to assure a creditor against loss) any indebtedness, obligation or other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's obligation in respect of any Contingent Obligation shall be deemed to be the amount for which the Person obligated thereon is reasonably expected to be liable or responsible.

Contract Rate means a rate per annum equal to *(x)* the LIBOR Rate, plus *(y)* twelve and one-half of one percent (12.5%).

Controlled Group means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with a Loan Party, are treated as a single employer under Section 414 of the IRC or Section 4001 of ERISA.

Controlled Substances Act means the Drug Abuse Prevention and Control Act; Title 21 of the United States Code, 13 U.S.C, as amended from time to time as amended from time to time.

Copyrights shall mean all of Borrower's (or if referring to another Person, such other Person's) now existing or hereafter acquired right, title, and interest in and to: (i) copyrights, rights and interests in copyrights, works protectable by copyright, all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any political subdivision thereof, or in any other country, and all research and development relating to the foregoing; and (ii) all renewals of any of the foregoing.

DEA means the Federal Drug Enforcement Administration of the United States of America.

Debt of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all indebtedness evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person as lessee under Capital Leases which have been or should be recorded as liabilities on a balance sheet of such Person in accordance with GAAP, (d) all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business), other than (i) payment obligations, earn-outs and similar obligations of such Person arising in connection with an Acquisition or (ii) royalty payments or milestone payments made or to be made by such Person from time to time in connection with an Acquisition, (e) all indebtedness secured by a Lien on the property of such Person, whether or not such indebtedness shall have been assumed by such Person (with the amount thereof being measured as the lesser of *(x)* the aggregate unpaid amount of such indebtedness and *(y)* the fair market value of such property), (f) all reimbursement obligations, contingent or otherwise, with respect to letters of credit (whether or not drawn), banker's acceptances and surety bonds issued for the account of such Person, other than obligations that relate to trade accounts payable in the ordinary course of business, (g) all Hedging Obligations of such Person, (h) all Contingent Obligations of such Person in respect of Debt of others, (i) all indebtedness of any partnership of which such Person is a general partner except to the extent such Person is not liable for such Debt, and (j) all obligations of such Person under any synthetic lease transaction, where such obligations are considered borrowed money indebtedness for tax purposes but the transaction is classified as an operating lease in accordance with GAAP.

"Debtor Relief Law" shall mean, collectively: (a) Title 11 of the United States Code, 11 U.S.C. § 101 et. seq., as amended from time to time, and (b) all other United States or foreign applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization or similar

debtor relief laws from time to time in effect affecting the rights of creditors generally, in each case as amended from time to time.

Default means any event that, if it continues uncured, will, with the lapse of time or the giving of notice or both, constitute an Event of Default.

Default Rate means a rate per annum equal to the lesser of (i) three percent (3%) over the Contract Rate, or (ii) the maximum rate of interest permitted to be charged by applicable laws or regulation governing this Agreement until paid.

Deposit Account shall mean, individually and collectively, any bank or other depository accounts of a Loan Party.

Diagnostic Product Revenue means the Net Sales of Loan Parties with regard to the molecular diagnostics business.

Disposition means, as to any asset or right of any Loan Party, (a) any sale, lease, assignment or other transfer (other than to any other Loan Party), but specifically excluding any license or sublicense, (b) any loss, destruction or damage thereof or (c) any condemnation, confiscation, requisition, seizure or taking thereof, in each case excluding (i) any Disposition (except as set forth in clauses (ii) and (iii) below) where the Net Cash Proceeds of any sale, lease, assignment, transfer, condemnation, confiscation, requisition, seizure or taking which do not in the aggregate exceed $1,000,000 in any Fiscal Year, (ii) the sale of Inventory or Product in the ordinary course of business and (iii) any issuance of Equity Interests by Borrower.

Dollar and $ mean lawful money of the United States of America.

Drug Application means a new drug application, an abbreviated drug application, or a product license application for any Product, as appropriate, as those terms are defined in the FDA Law and Regulation.

EBITDA means, for any Person and its Subsidiaries for any period, Consolidated Net Income for such period plus, to the extent deducted in determining such Consolidated Net Income for such period (and without duplication), (i) Interest Expense, (ii) income tax expense (including tax accruals), (iii) depreciation and amortization, (iv) in the case of Loan Parties, management fees, transaction fees and out-of-pocket expenses paid to its Affiliates to the extent permitted under Section 7.3 hereof, (v) nonrecurring cash fees, costs and expenses incurred in connection with the Acquisitions of product licenses and product lines from a third party, and milestone and royalty payments to any third party, in relation to any Material Contract or any other Acquisition made prior to the date of this Agreement, (vi) non-cash expenses relating to equity-based compensation or purchase accounting, and (vii) other nonrecurring and/or non-cash expenses or charges approved by the Agent.

Environmental Claims means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment or any Person or property.

Environmental Laws means all present or future foreign, federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case relating to any matter arising out of or relating to the effect of the environment on health and safety, or pollution or protection of the environment or workplace, including any of the foregoing relating to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, discharge, release, control or cleanup of any Hazardous Substance.

Equity Interests means, with respect to any Person, its equity ownership interests, its common stock and any other capital stock or other equity ownership units of such Person authorized from time to time, and any other shares, options, interests, participations or other equivalents (however designated) of or in such Person, whether voting or nonvoting, including, without limitation, common stock, options, warrants, preferred stock, phantom stock, membership units (common or preferred), stock appreciation rights, membership unit appreciation rights, convertible notes or debentures, stock purchase rights, membership unit purchase rights and all securities convertible, exercisable or exchangeable, in whole or in part, into any one or more of the foregoing.

Event of Default means any of the events described in Section 8.1.

Excluded Taxes means (i) Taxes imposed on or measured by Agent's or any Lender's net income (however denominated) or gross profits, and franchise taxes, imposed by any jurisdiction (or subdivision thereof) under the laws of which Agent or such Lender is organized or in which Agent or such Lender conducts business or, in the case of any Lender, in which its applicable lending office is located, (ii) any branch profit Taxes imposed by the United States of America or any similar Tax imposed by any other jurisdiction in which Agent or a Lender (or its applicable lending office) is located or conducts business, (iii) Taxes imposed as a result of a present or former connection between the Agent or Lender and the jurisdiction imposing the Tax (other than a connection arising from having executed, delivered or engaged in any transaction pursuant to this Agreement), (iv) in the case of any Foreign Lender, any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement or designates a new lending office, (v) in the case of any U.S. Lender, any United States federal backup withholding tax, (vi) Taxes attributable to the failure to comply with Section 3.1(c) and (vi) taxes imposed under FATCA.

Exempt Accounts means any Deposit Accounts, securities accounts or other similar accounts (i) into which there are deposited no funds other than those intended solely to cover compensation to employees of the Loan Parties (and related contributions to be made on behalf of such employees to health and benefit plans) plus balances for outstanding checks for compensation and such contributions from prior periods; (ii) constituting employee withholding accounts and contain only funds deducted from pay otherwise due to employees for services rendered to be applied toward the tax obligations of such Person or its employees; (iii) at all times prior to December 31, 2014, those certain accounts designated for closure on Schedule 7.14 hereto or (iv) for so long as such account serves as collateral for one or more letters of credit made available to one or more Loan Parties, Borrower's deposit account number 65-P204-01-2 at TD Bank, N.A.

Exit Fee shall have the meaning set forth in Section 2.7(b).

Expansion Facility has the meaning set forth in Section 2.11.

Fair Valuation shall mean the determination of the value of the consolidated assets of a Person on the basis of the amount which may be realized by a willing seller within a reasonable time through collection or sale of such assets at market value on a going concern basis to an interested buyer who is willing to purchase under ordinary selling conditions in an arm's length transaction.

FATCA means Sections 1471 through 1474 of the IRC and any current or future regulations thereunder or official interpretations thereof.

FD&C Act means the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. §§ 301 et seq., as amended.

FDA means the Food and Drug Administration of the United States of America.

FDA Law and Regulation means the provisions of the FD&C Act and all applicable regulations promulgated by the FDA.

FDA Products means any finished products sold by Borrower or any of the other Loan Parties for itself or for a third party that are subject to applicable Health Care Laws.

Fiscal Quarter means a calendar quarter of a Fiscal Year.

Fiscal Year means the fiscal year of Borrower and its Subsidiaries, which period shall be the 12-month period ending on December 31 of each year.

Foreign Lender means any Lender that is not a "United States person" within the meaning of Section 7701(a)(30) of the IRC.

FRB means the Board of Governors of the Federal Reserve System or any successor thereto.

GAAP means generally accepted accounting principles in effect in the United States of America set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination; provided, however, that Net Sales shall be calculated consistent with GAAP as presented in the Borrower's financial statements.

Governmental Authority means any nation or government, any state or other political subdivision thereof, and any agency, branch of government, department or Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other Person owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, whether domestic or foreign. Governmental Authority shall include any agency, branch or other governmental body charged with the responsibility and/or vested with the authority to administer and/or enforce any Health Care Laws.

Guarantee and Collateral Agreement means the Guarantee and Collateral Agreement dated as of the Closing Date by each Loan Party signatory thereto in favor of Agent and Lenders.

Guarantor has the meaning set forth in the Guarantee and Collateral Agreement.

Hazardous Substances means hazardous waste, pollutant, contaminant, toxic substance, oil, hazardous material, chemical or other substance regulated by any Environmental Law.

Health Care Laws mean, to the extent applicable to a Loan Party, all foreign, federal and state fraud and abuse laws relating to the regulation of pharmaceutical products, laboratory facilities and services, healthcare providers, healthcare professionals, healthcare facilities, clinical research facilities or healthcare payors, including but not limited to (i) the federal Anti-Kickback Statute (42 U.S.C. (§ 1320a-7b(b)), the Stark Law (42 U.S.C. §1395nn and §1395(q)), the civil False Claims Act (31 U.S.C. §3729 et seq.), TRICARE (10 U.S.C. Section 1071 et seq.), Section 1320a-7 and 1320a-7a of Title 42 of the United States Code and the regulations promulgated pursuant to such statues; (ii) the Health Insurance Portability and Accountability Act of 1996 (Pub. L. No. 104-191), as amended by the Health Information, Technology for Economic and Clinical Health Act of 2009 (collectively, "HIPPA"), and the regulations promulgated thereunder, (iii) Medicare (Title XVIII of the Social Security Act) and the regulations promulgated thereunder; (iv) Medicaid (Title XIX of the Social Security Act) and the regulations promulgated thereunder; (v) the FD&C Act and

all applicable requirements, regulations and guidances issued thereunder by the FDA (including FDA Law and Regulation); (vi) the Controlled Substances Act, as amended, and all applicable requirements, regulations and guidances issued thereunder by the DEA; (vii) CLIA, as amended, and all applicable requirements, regulations, and guidance issued thereunder by the applicable Governmental Authority; (viii) quality, safety and accreditation standards and requirements of all applicable foreign and domestic federal, provincial or state laws or regulatory bodies; (ix) all applicable licensure laws and regulations; *(x)* all applicable professional standards regulating healthcare providers, healthcare professionals, healthcare facilities, clinical research facilities or healthcare payors; and (xi) any and all other applicable health care laws (whether foreign or domestic), regulations, manual provisions, policies and administrative guidance, including those related to the corporate practice of medicine, fee-splitting, state anti-kickback or self-referral prohibitions, each of clauses (i) through (xi) as may be amended from time to time.

Hedging Obligation means, with respect to any Person, any liability of such Person under any interest rate, currency or commodity swap agreement, cap agreement or collar agreement, and any other agreement or arrangement designed to protect a Person against fluctuations in interest rates, currency exchange rates or commodity prices. The amount of any Person's obligation in respect of any Hedging Obligation shall be deemed to be the incremental obligation that would be reflected in the financial statements of such Person in accordance with GAAP.

Immaterial Subsidiaries means Inserve Support Solutions, a California corporation; PDI Investment Company, Inc., a Delaware corporation; and TVG, Inc., a Delaware corporation incorporated on September 19, 1986 and having Delaware Entity No. 2102057.

Intellectual Property shall mean all present and future: trade secrets, know-how and other proprietary information; Trademarks and Trademark Licenses (as defined in the Guarantee and Collateral Agreement), internet domain names, service marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and the goodwill of the business relating thereto and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; Copyrights (including Copyrights for computer programs, but excluding commercially available off-the-shelf software and any Intellectual Property rights relating thereto) and Copyright Licenses (as defined in the Guarantee and Collateral Agreement) and all tangible and intangible property embodying the Copyrights, unpatented inventions (whether or not patentable); Patents and Patent Licenses (as defined in the Guarantee and Collateral Agreement); industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom, books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; customer lists and customer information, the right to sue for all past, present and future infringements of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing.

Indemnified Taxes means Taxes other than Excluded Taxes imposed on amounts payable by Borrower under this Agreement.

Interest Expense means for any period the consolidated interest expense of Borrower and its Subsidiaries for such period (including all imputed interest on Capital Leases).

Inventory has the meaning set forth in the Guarantee and Collateral Agreement.

Investment means, with respect to any Person, (a) the purchase of any debt or equity security of any

other Person, (b) the making of any loan or advance to any other Person, or (c) the making of an Acquisition.

IP Security Agreement means the Intellectual Property Security Agreement dated on or about the Closing Date by each Loan Party signatory thereto in favor of Agent and Lenders.

IRC means the Internal Revenue Code of 1986, as amended. IRS means the United States Internal Revenue Service.

Key Person means, individually, each Person serving as the Chief Executive Officer of Borrower and as the Chief Financial Officer of Borrower.

Key Person Event means within any sixty (60) day period, both the Chief Executive Officer and the Chief Financial Officer of Borrower depart, are terminated or otherwise terminate their respective employment with Borrower, for any reason, in each case unless both Persons are replaced within one-hundred eighty (180) days of the start of such sixty (60) day period with (in each case) a person of like qualification and experience to assume the respective responsibilities of such departing Persons and which has been approved in writing by Agent to assume such responsibility and capacity of the applicable departing Person, which approval by Agent shall not be unreasonably withheld, delayed or conditioned.

Legal Costs means, with respect to any Person, all reasonable, duly documented, out-of-pocket fees and charges of any counsel, accountants, auditors, appraisers, consultants and other professionals to such Person, and all court costs and similar legal expenses.

Lenders has the meaning set forth in the Preamble.

LIB OR Rate means a fluctuating rate per annum equal to the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which U.S. Dollar deposits are offered by leading banks in the London interbank deposit market), as the offered rate for loans in Dollars for a three (3) month period, rounded upwards, if necessary, to the nearest 1/8 of 1%. The rate is set by the ICE Benchmark Administration as of 11:00 a.m. (London time) as determined two (2) Business Days prior to each Payment Date, and effective on the Payment Date immediately following such determination date. If Bloomberg Professional Service (or another nationally-recognized rate reporting source acceptable to Agent) no longer reports the LIBOR Rate or Agent determines in good faith that the rate so reported no longer accurately reflects the rate available to Agent in the London Interbank Market or if such index no longer exists or if page USD-LIBOR-BBA (ICE) no longer exists or accurately reflects the rate available to Agent in the London Interbank Market, Agent may select a replacement index that approximates as near as possible such prior index. Notwithstanding the foregoing, in no event shall the "LIBOR Rate" ever be less than one percent (1%) per annum at any time.

Lien means, with respect to any Person, any interest granted by such Person in any real or personal property, asset or other right owned or being purchased or acquired by such Person which secures payment or performance of any obligation and shall include any mortgage, lien, encumbrance, charge or other security interest of any kind, whether arising by contract, as a matter of law, by judicial process or otherwise.

Loan or Loans means, individually and collectively the Term Loan and any other advances made by Agent and Lenders in accordance with the Loan Documents.

Loan Documents means this Agreement, the Notes, the Post-Closing Agreement, the Collateral Documents and all documents, instruments and agreements delivered in connection with the foregoing.

Loan Party means Borrower and each of its Subsidiaries other than the Immaterial Subsidiaries;

provided, that, in the event any Immaterial Subsidiary is not dissolved or otherwise terminated on or prior to January __, 2015 in accordance with the Post-Closing Agreement, each such surviving Immaterial Subsidiary shall be deemed a Loan Party hereunder and under the Loan Documents.

Margin Stock means any "margin stock" as defined in Regulation T, U or X of the FRB.

Material Adverse Effect means (a) a material adverse change in, or a material and adverse effect upon, the financial condition, operations, assets, business or properties of the Loan Parties taken as a whole, (b) a material impairment of the ability of any Loan Party to perform any of its payment Obligations under any Loan Document or (c) a material and adverse effect upon any material portion of the Collateral under the Collateral Documents or upon the legality, validity, binding effect or enforceability against any Loan Party of any material Loan Document. For the avoidance of doubt, the investigation, inspection, examination, audit or view of the operations of any Loan Party in the ordinary course of business by any Governmental Authority shall not in itself be deemed to be a Material Adverse Effect or be deemed to be an event that could or would reasonably be expected to result in or have a Material Adverse Effect.

Material Contract has the meaning assigned in Section 5.21 hereof.

Mortgage means a mortgage, deed of trust, leasehold mortgage or similar instrument granting Agent a Lien on a real property interest of any Loan Party.

Multiemployer Pension Plan means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which Borrower or any member of the Controlled Group may have any liability.

Net Cash Proceeds means, with respect to any Disposition, the aggregate cash proceeds (including cash proceeds received pursuant to policies of insurance and by way of deferred payment of principal pursuant to a note, installment receivable or otherwise, but only as and when received) received by any Loan Party pursuant to such Disposition net of (i) the reasonable direct costs relating to such Disposition (including sales commissions and legal, accounting and investment banking fees, commissions and expenses), (ii) any portion of such proceeds deposited in an escrow account pursuant to the documentation relating to such Disposition *(provided* that such amounts shall be treated as Net Cash Proceeds upon their release from such escrow account to and receipt by the applicable Loan Party), (iii) taxes and other governmental costs and expenses paid or reasonably estimated by a Loan Party to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), (iv) amounts required to be applied to the repayment of any Debt (together with any interest thereon, premium or penalty and any other amount payable with respect thereto) secured by a Lien that has priority over the Lien, if any, of Agent on the asset subject to such Disposition, (v) reserves for purchase price adjustments and retained liabilities reasonably expected to be payable by the Loan Parties in connection therewith established in accordance with GAAP *(provided* that if, upon the final determination of the amount paid in respect of such purchase price adjustments and retained liabilities, the actual amount of purchase price adjustments and retained liabilities paid is less than such reserves, the difference shall, at such time, constitute Net Cash Proceeds) and (vi) unless otherwise agreed to by Agent in its reasonable discretion, (A) with respect to any Disposition described in clauses (a), (b) or (c) of the definition thereof, all money actually applied within one-hundred eighty (180) days to replace such assets to be used in the business of Borrower and the Subsidiaries, and (B) with respect to any Disposition, all money actually applied within one-hundred eighty (180) days to replace the assets in question or to repair or reconstruct damaged property or property affected by loss, destruction, damage, condemnation, confiscation, requisition, seizure or taking; and

Net Sales shall be determined in the ordinary course of business in accordance with GAAP.

Note means a promissory note substantially in the form of Exhibit C.

Obligations means all liabilities, indebtedness and obligations (monetary (including post-petition interest, allowed or not) or otherwise) of any Loan Party under this Agreement, any other Loan Document or any other document or instrument executed in connection herewith or therewith which are owed to any Lender or Affiliate of a Lender, in each case howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due.

OFAC shall mean the U.S. Department of Treasury's Office of Foreign Asset Control.

Operating Lease means any lease of (or other agreement conveying the right to use) any real or personal property by Borrower or any Subsidiary, as lessee, other than any Capital Lease.

Origination Fee shall have the meaning set forth in Section 2.7(a).

Paid in Full, Pay in Full or Payment in Full means, with respect to any Obligations, the payment in full in cash of all such Obligations (other than contingent indemnification obligations, yield protection and expense reimbursement to the extent no claim giving rise thereto has been asserted in respect of contingent indemnification obligations, and to the extent no amounts therefor have been asserted, in the case of yield protection and expense reimbursement obligations).

Patents shall mean all of Borrower's (or if referring to another Person, such other Person's) now existing or hereafter acquired right, title and interest in and to: (i) all patents, patent applications, inventions, invention disclosures and improvements, and all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any political subdivision thereof, or in any other country, and all research and development relating to the foregoing; and (ii) the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing.

Payment Date means the forty-fifth (45th) day following the last calendar day of each of the months of September, December, March, and June (or the next succeeding Business Day to the extent such 45th day is not a Business Day), commencing with February 17, 2015.

Pension Plan means a "pension plan", as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a Multiemployer Pension Plan), and to which Borrower or any member of the Controlled Group may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

Permit shall mean collectively all licenses, leases, powers, permits, franchises, certificates, authorizations and approvals.

Permitted Liens means Liens permitted by Section 7.2.

Person means any natural person, corporation, partnership, trust, limited liability company, association, Governmental Authority or unit, or any other entity, whether acting in an individual, fiduciary or other capacity.

Post-Closing Agreement means that certain Post-Closing Agreement, dated as of the date hereof, between Borrower and Agent.

Prior Debt means the Debt listed on Schedule 4.1.

Pro Rata Term Loan Share means, with respect to any Lender, the applicable percentage (as adjusted from time to time in accordance with the terms hereof) specified opposite such Lender's name on Annex I which percentage represents the aggregate percentage of the Term Loan Commitment held by such Lender, which percentage shall be with respect to the outstanding balance of the Term Loan as of any date of determination after the Term Loan Commitment has terminated.

Product means any products manufactured, sold, developed, tested or marketed by Borrower or any of its Subsidiaries, including without limitation, those products set forth on Schedule 5.18(b) (as updated from time to time in accordance with Section 6.1.2); *provided, however,* that if Borrower shall fail to comply with the obligations under Section 6.1.2 to give notice to Agent and update Schedule 5.18(b) prior to manufacturing, selling, developing, testing or marketing any new Product, any such improperly undisclosed Product shall be deemed to be included in this definition; and *provided, further,* that products manufactured by Borrower for unaffiliated third parties shall not be deemed "Products" hereunder.

RedPath means, prior to the RedPath Acquisition, RedPath Integrated Pathology, Inc., a Delaware corporation, and after the consummation of the RedPath Acquisition, the Surviving Corporation (as defined in the RedPath Merger Agreement).

RedPath Acquisition means the acquisition of RedPath by the Borrower or one of its Affiliates pursuant to the terms of the RedPath Merger Agreement.

RedPath Equityholder means RedPath Equityholder Representative, LLC, a Delaware limited liability company, solely in its capacity as equityholder representative.

RedPath Merger Agreement means that certain Agreement and Plan of Merger, dated as of the date hereof, by and among Borrower, Interpace Diagnostics, LLC, a Delaware limited liability company, RedPath Acquisition Sub, Inc., a Delaware corporation, RedPath Integrated Pathology, Inc., a Delaware corporation, and RedPath Equityholder.

RedPath Promissory Note means that certain $11,000,000 Non-Negotiable Subordinated Secured Promissory Note dated as of the date hereof, by Borrower in favor of RedPath Equityholder, for distribution to the Equityholders (as defined in the RedPath Merger Agreement) pursuant to the Initial Payment Allocation Schedule delivered pursuant to the RedPath Merger Agreement, as the same may be modified, amended or restated from time to time in accordance with the Subordination Agreement.

RedPath Subordination Agreement means that certain Subordination and Intercreditor Agreement by and between Agent and RedPath Equityholder, dated on or about the Closing Date.

RedPath Settlement Agreement means that certain Settlement Agreement, dated as of January 28, 2013, by and between the United States of America, acting through the United States Department of Justice and RedPath.

Registered Intellectual Property means all applications, registrations and recordings for or of Patents, Trademarks or Copyrights filed by Borrower with any Governmental Authority, all internet domain name registrations owned by Borrower, and all proprietary software owned by Borrower.

Required Lenders means Lenders having an aggregate Pro Rata Term Loan Share in excess of fifty percent (50%), collectively; *provided* that if there are only two Lenders, then Required Lenders means both such Lenders (Lenders that are Affiliates of one another being considered as one Lender for purposes of this

proviso).

Required Permit means a Permit (a) issued or required under applicable law to the business of Borrower or any of its Subsidiaries or necessary in the manufacturing, importing, exporting, possession, ownership, warehousing, marketing, promoting, sale, labeling, furnishing, distribution or delivery of goods or services under any laws applicable to the business of Borrower or any of its Subsidiaries (including, without limitation, any Health Care Laws) or any Drug Application (including, without limitation, at any point in time, all licenses, approvals and permits issued by the FDA, CMS, or any other applicable Governmental Authority necessary for the testing, manufacture, marketing or sale of any Product by any Borrower or its Subsidiary as such activities are being conducted by Borrower or its Subsidiary with respect to such Product at such time), and (b) issued by any Person from which Borrower or any of its Subsidiaries have received an accreditation.

Responsible Officer shall mean the president, vice president or secretary of a Person, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants or delivery of financial information, the chief financial officer, the treasurer or the controller of a Person, or any other officer having substantially the same authority and responsibility, and in all cases such person shall be listed on an incumbency certificate delivered to Agent, in form and substance acceptable to Agent in its sole discretion.

Revenue-Based Payment has the meaning set forth in Section 2.9.1(a).

Royalties means the amount of any and all royalties, license fees and any other payments or income of any type recognized as revenue in accordance with GAAP by Borrower and its Subsidiaries with respect to the sale of Products or the provision of services by independent licensees of Borrower and/or its Subsidiaries, including any such payments characterized as a share of net profits, any up-front or lump sum payments, any milestone payments, commissions, fees or any other similar amounts, less deductions for amounts deducted, repaid or credited by reason of adjustments to the sales upon which royalty amounts are based, regardless of the reason for such adjustment to such sales. For the purposes of calculating Royalties, Lenders and Agent understand and agree that Affiliates of Borrower shall not be regarded as independent licensees.

Services means services provided by Borrower or any Affiliate of Borrower to un-Affiliated Persons, including without limitation any sales, laboratory analysis, testing, consulting, marketing, commercialization and any other healthcare-related services.

Solvent means, as to any Person at any time, that (a) the fair value of the property of such Person is greater than the amount of such Person's liabilities (including disputed, contingent, unmatured and unliquidated liabilities); (b) the present fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person is able to pay its debts and other liabilities (including subordinated, disputed, contingent, unmatured and unliquidated liabilities) as they mature in the normal course of business; (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital.

Subsidiary means, with respect to any Person, a corporation, partnership, limited liability company or other entity of which such Person owns, directly or indirectly, such number of outstanding shares or other equity interests as to have more than fifty percent (50%) of the ordinary voting power for the election of

directors or other managers of such corporation, partnership, limited liability company or other entity. Unless the context otherwise requires, each reference to Subsidiaries herein shall be a reference to direct and indirect Subsidiaries of Borrower.

Synthetic Royalty Payment has the meaning set forth in Section 2.9.2.

Synthetic Royalty Prepayment Fee means, as of any date of prepayment pursuant to Section 2.8.2, an amount equal to (a) (i) one and one-quarter percent (1.25%) multiplied by (ii) the lesser of (1) $80,000,000 and (2) the aggregate Diagnostic Product Revenue for the four (4) most recently-completed Fiscal Quarters preceding such date of determination for which audited financial statements of Borrower and its Subsidiaries are available; multiplied by (b) the number of days remaining until the Term Loan Maturity Date; divided by (c) 360.

Taxes has the meaning set forth in Section 3.1(a).

Term Loan Commitment means $20,000,000.

Term Loan Maturity Date means October 31, 2020, or such earlier date on which the Commitments terminate pursuant to Section 8.

Term Loan has the meaning set forth in Section 2.1.

Trademarks shall mean all of Borrower's (or if referring to another Person, such other Person's) now existing or hereafter acquired right, title, and interest in and to: (i) all of Borrower's (or if referring to another Person, such other Person's) trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, or in any other country, and all research and development relating to the foregoing; (ii) all renewals thereof; and (iii) all designs and general intangibles of a like nature.

Uniform Commercial Code means the Uniform Commercial Code as in effect in the State of New York;*provided* that if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York,

"Uniform Commercial Code" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

U.S. Lender means any Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the IRC.

Voting Securities means, with respect to any Person, Equity Interests of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

Wholly-Owned Subsidiary means, as to any Person, another Person all of the equity interests of which (except directors' qualifying shares) are at the time directly or indirectly owned by such Person and/or another Wholly-Owned Subsidiary of such Person.

1.2 Interpretation.

In the case of this Agreement and each other Loan Document, (a) the meanings of defined terms are equally applicable to the singular and plural forms of the defined terms; (b) Annex, Exhibit, Schedule and Section references are to such Loan Document unless otherwise specified; (c) the term "including" is not limiting and means "including but not limited to"; (d) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including"; (e) unless otherwise expressly provided in such Loan Document, (i) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments, restatements and other modifications thereto from time to time, but only to the extent such amendments, restatements and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation shall be construed as including all statutory and regulatory provisions amending, replacing, supplementing or interpreting such statute or regulation; (f) this Agreement and the other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters, all of which are cumulative and each shall be performed in accordance with its terms and (g) this Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to Agent, Borrower, Lenders and the other parties hereto and thereto and are the products of all parties; accordingly, they shall not be construed against Borrower, Agent or Lenders merely because of Borrower's, Agent's or Lenders' involvement in their preparation. Except where otherwise expressly provided in the Loan Documents, in any instance where the approval, consent or the exercise of Agent's judgment is required, the granting or denial of such approval or consent and the exercise of such judgment shall be *(x)* within the sole and absolute discretion of Agent and/or Lenders; and *(y)* deemed to have been given only by a specific writing intended for such purpose executed by Agent.

2. Credit Facility.

2.1 Term Loan Commitments.

On and subject to the terms and conditions of this Agreement, each Lender, severally and for itself alone, agrees to make a term loan to Borrower (each such loan, individually and collectively, a "Term Loan") in an amount equal to such Lender's applicable Pro Rata Term Loan Share of the Term Loan Commitment. The Commitments of Lenders to make a Term Loan shall terminate concurrently with the making of such Term Loan on the Closing Date. The Loan is not a revolving credit facility, and therefore, any amount thereof that is repaid or prepaid by Borrower, in whole or in part, may not be re-borrowed.

2.2 Loan Procedures.

On the Closing Date, Lenders shall advance to Borrower an aggregate principal amount equal to Twenty Million and No/100 Dollars ($20,000,000), upon satisfaction of the conditions to closing described in Section 4 of this Agreement.

2.3 Commitments Several.

The failure of any Lender to fund its Pro Rata Term Loan Share on the Closing Date shall not relieve any other Lender of its obligation hereunder, but no Lender shall be responsible for the failure of any other Lender to fund such other Lender's Pro Rata Term Loan Share on the Closing Date.

2.4 Indebtedness Absolute; No Offset; Waiver.

The payment obligations of Borrower hereunder are absolute and unconditional, without any right of rescission, setoff, counterclaim or defense for any reason against Agent and Lenders. As of the

Closing Date, the Loan has not been compromised, adjusted, extended, satisfied, rescinded, set-off or modified, and the Loan Documents are not subject to any litigation, dispute, refund, claims of rescission, setoff, netting, counterclaim or defense whatsoever, including but not limited to, claims by or against any Loan Party or any other Person. Payment of the Obligations by Borrower, shall be made only by wire transfer, in Dollars, and in immediately available funds when due and payable pursuant to the terms of this Agreement and the other Loan Documents, is not subject to compromise, adjustment, extension, satisfaction, rescission, set-off, counterclaim, defense, abatement, suspension, deferment, deductible, reduction, termination or modification, whether arising out of transactions concerning the Loan, or otherwise. Without limitation to the forgoing, to the fullest extent permitted under applicable law and notwithstanding any other term or provision contained in this Agreement or any other Loan Document, Borrower hereby waives (and shall cause each Loan Party to waive) (a) presentment, protest and demand, notice of default (except as expressly required in the Loan Documents), notice of intent to accelerate, notice of acceleration, notice of protest, notice of demand and of dishonor and non-payment of the Obligations, (b) any requirement of diligence or promptness on Agent's part in the enforcement of its rights under the provisions of this Agreement and any other Loan Document, (c) any rights, legal or equitable, to require any marshalling of assets or to require foreclosure sales in a particular order, (d) all notices of every kind and description which may be required to be given by any statute or rule of law except as specifically required hereunder, (e) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisement before sale or any portion of the Collateral, (f) all rights of homestead, exemption, redemption, valuation, appraisement, stay of execution, notice of election to mature or declare due the whole of the Obligations in the event of foreclosure of the Liens created by the Loan Documents, (g) [Reserved] and (h) any defense to the obligation to make any payments required under the Loan Documents (other than payment in full of the Obligations), including the obligation to pay taxes based on any damage to, defects in or destruction of the Collateral or any other event, including obsolescence of any of the Collateral, it being agreed and acknowledged that such payment obligations are unconditional and irrevocable. Borrower further acknowledges and agrees (i) to any substitution, subordination, exchange or release of any security or the release of any party primarily or secondarily liable for the payment of the Loan; (ii) that Agent shall not be required to first institute suit or exhaust its remedies hereon against others liable for repayment of all or any part of the Loan, whether primarily or secondarily (collectively, the "Obligors"), or to perfect or enforce its rights against any Obligor or any security for the Loan; and (iii) that its liability for payment of the Loan shall not be affected or impaired by any determination that any security interest or Lien taken by Agent for the benefit of Lenders to secure the Loan is invalid or unperfected. Borrower acknowledges, warrants and represents in connection with each waiver of any right or remedy of Borrower contained in any Loan Document, that it has been fully informed with respect to, and represented by counsel of its choice in connection with, such rights and remedies, and all such waivers, and after such advice and consultation, has presently and actually intended, with full knowledge of its rights and remedies otherwise available at law or in equity, to waive or relinquish such rights and remedies to the full extent specified in each such waiver.

2.5 Loan Accounting.

2.5.1 Recordkeeping.

Agent, on behalf of each Lender, shall record in its records the date and amount of the Loan made by each Lender, each prepayment and repayment thereof. The aggregate unpaid principal amount so recorded shall be final, binding and conclusive absent manifest error. The failure to so record any such amount or any error in so recording any such amount shall not, however, limit or otherwise affect the Obligations of Borrower hereunder or under any Note to repay the principal amount of the Loans hereunder, together with all interest accruing thereon.

2.5.2 Notes.

At the request of any Lender, the Loan of such Lender shall be evidenced by a Note, with appropriate insertions, payable to the order of such Lender in a face principal amount equal to such Lender's Pro Rata Term Loan Share and payable in such amounts and on such dates as are set forth herein.

2.6 Payment of Interest.

2.6.1 Interest Rates.

(a) The outstanding principal balance under the Loan shall bear interest at a per annum rate of interest equal to the Contract Rate. Whenever, subsequent to the date hereof, the LIBOR Rate is increased or decreased (as determined on the date that is two (2) Business Days prior to each Payment Date), the Contract Rate, as set forth herein, shall be similarly changed effective as of such subsequent Payment Date, without notice or demand of any kind by an amount equal to the amount of such change in the LIBOR Rate on the date that is two (2) Business Days prior to each Payment Date. The quarterly interest due on the principal balance of the Loan outstanding shall be computed for the actual number of days elapsed during the Fiscal Quarter in question on the basis of a year consisting of three hundred sixty (360) days and shall be calculated by determining the average daily principal balance outstanding for each day of the Fiscal Quarter in question. The daily rate shall be equal to 1/360th times the Contract Rate. If any statement furnished by Agent for the amount of a payment due exceeded the actual amount that should have been paid because the LIBOR Rate decreased and such decrease was not reflected in such statement, Borrower shall make the payment specified in such statement from Agent and Borrower shall receive a credit for the overpayment, which credit shall be applied towards the next subsequent payment due hereunder. If any statement furnished by Agent for the amount of a payment due was less than the actual amount that should have been paid because the LIBOR Rate increased and such increase was not reflected in such statement, Borrower shall make the payment specified in such statement from Agent and Borrower shall be required to pay any resulting underpayment with the next subsequent payment due hereunder.

(b) Borrower recognizes and acknowledges that any default on any payment, or portion thereof, due hereunder or to be made under any of the other Loan Documents, will result in losses and additional expenses to Agent in servicing the Loan, and in losses due to Lenders' loss of the use of funds not timely received. Borrower further acknowledges and agrees that in the event of any such Default, Lenders would be entitled to damages for the detriment proximately caused thereby, but that it would be extremely difficult and impracticable to ascertain the extent of or compute such damages.

Therefore, upon the Maturity Date and upon the occurrence and during the existence of an Event of Default (or upon any acceleration), interest shall automatically accrue hereunder, without notice to Borrower, at the Default Rate. The Default Rate shall be calculated and due from the date that the Default occurred which led to the Event of Default without regard to any grace or cure period as may be applicable and shall be payable upon demand.

2.6.2 Payments of Interest and Principal.

Borrower shall pay to Lenders all accrued interest on the Loan (i) in arrears on each Payment Date, (ii) upon a prepayment of such Loan in accordance with Section 2.8 and (iii) at maturity in cash. Any partial prepayment of the Loan shall be applied in inverse order of maturity and so shall not reduce the amount of any quarterly principal amortization payment required pursuant to the preceding sentence (but this shall not be construed as permitting any partial prepayment other than as may be expressly permitted elsewhere in this Agreement).

2.7 Fees.

(a) Origination Fee. Borrower shall pay to SWK, for its own account, a fee (the "Origination Fee") in the amount of $300,000, which Origination Fee shall be deemed fully earned and non-refundable on the Closing Date.

(b) Exit Fee. Upon the earlier to occur of (i) the Term Loan Maturity Date, or(ii) full repayment of the Loan and all other Obligations whether as a result of the acceleration of the Loan, or otherwise, Borrower shall pay an exit fee to Agent, for the benefit of Lenders, in the amount of $800,000.

2.8 Prepayment.

2.8.1 Mandatory Prepayment. Borrower shall prepay the Term Loan until paid in full within two (2) Business Days after the receipt by a Loan Party of any Net Cash Proceeds from any Disposition, in an amount equal to such Net Cash Proceeds.

2.8.2 Voluntary Prepayment.

(a) Subject to clause (b) below, Borrower may, on or after the first anniversary of the Closing Date and from time to time thereafter, on at least two (2) Business Day's written notice or telephonic notice (followed on the same Business Day by written confirmation thereof) to Agent (which shall promptly advise each Lender thereof) not later than 12:00 noon Dallas time on such day, prepay the Term Loan in whole or in part. Such notice to Agent shall specify the amount and proposed date of such prepayment, and the application of such amounts to be prepaid shall be applied in accordance with Section 2.9.1(b) or 2.10.2 (as applicable). Any such partial prepayment shall be in an amount equal to $1,000,000 or a higher integral multiple of $100,000.

(b) Subject to clause (c) below, if Borrower makes any prepayment of the Term Loan under clause (a), it shall pay to Agent, for the benefit of Lenders, the following amounts (in addition to any such prepayment of the Term Loan) on the date of such prepayment:

(i) A prepayment premium as follows: (1) if such prepayment is made on or after the first anniversary of the Closing Date but prior to the second anniversary of the Closing Date, six percent (6%) of the aggregate amount of the Term Loan so prepaid, (2) if such prepayment is made on or after the second anniversary of the Closing Date but prior to the third anniversary of the Closing Date, five percent (5%) of the aggregate amount of the Term Loan so prepaid, (3) if such prepayment is made on or after the third anniversary of the Closing Date but prior to the fourth anniversary of the Closing Date, two percent (2%); and (4) if such prepayment is made on or after the fourth anniversary of the Closing Date but prior to the Term Loan Maturity Date, zero percent (0%); plus

(ii) To the extent such prepayment of the Term Loan results in a payment in full of the Loans and Borrower's Obligations hereunder, the Synthetic Royalty Prepayment Fee as of such prepayment date.

(c) No such prepayment premium described in Section 2.8.2(b)(i) or above shall be due and owing in relation to any prepayment in full of the Loan and all Obligations via a refinance or other transaction between Agent and Borrower on or prior to the third anniversary of the Closing Date.

2.9 Repayment of Term Loan and Synthetic Royalty. 2.9.1Revenue-Based Payment

(a) During the period commencing on the date hereof until the Obligations are

Paid in Full, Borrower promises to pay to Agent, for the account of each Lender according to its Pro Rata Term Loan Share, an amount equal to three and one-half percent (3.5%) multiplied by the aggregate Net Sales, Royalties and any other income or revenue recognized by Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (collectively, the "Aggregate Revenue") in each Fiscal Quarter (the "Revenue-Based Payment"), which Revenue-Based Payment will be applied to the Obligations as provided in clause (b) below. The Revenue-Based Payment with respect to each Fiscal Quarter shall be payable on the Payment Date next following the end of such Fiscal Quarter. Commencing with the Fiscal Quarter beginning October 1, 2014, the Revenue-Based Payment with respect to each Fiscal Quarter shall be equal to (i) the aggregate Revenue-Based Payments payable from January 1 of the Fiscal Year of which the Fiscal Quarter is part through the end of such Fiscal Quarter less (ii) the amount of Revenue-Based Payments, if any, made with respect to prior Fiscal Quarters in such Fiscal Year; *provided* that the Revenue-Based Payment is payable solely upon Aggregate Revenue in a given Fiscal Year, and will not be calculated on a cumulative, year-over-year basis.

(b) So long as no Event of Default has occurred and is continuing and until the Obligations have been Paid in Full, each Revenue-Based Payment on each Payment Date will be applied in the following priority:

(i) FIRST, to the payment of all fees, costs, expenses and indemnities due and owing to Agent pursuant to Sections 2.7, 3.1, 3.2, 6.3(d), 10.4 and/or 10.5 under this Agreement or otherwise pursuant to the Guaranty and Collateral Agreement, and any other Obligations owing to Agent in respect of sums advanced by Agent to preserve or protect the Collateral or to preserve or protect its security interest in the Collateral;

(ii) SECOND, to the payment of all fees, costs, expenses and indemnities due and owing to Lenders in respect of the Loans and Commitments pursuant to Sections 2.7, 3.1, 3.2, 6.3(d), 10.4 and/or 10.5 under this Agreement or otherwise pursuant to the Guaranty and Collateral Agreement, pro rata based on each Lender's Pro Rata Term Loan Share, until Paid in Full;

(iii) THIRD, to the payment of all accrued but unpaid interest due and owing to Lenders in respect of the Loans, pro rata based on each Lender's Pro Rata Term Loan Share, until Paid in Full;

(iv) FOURTH, as it relates to each Payment Date on or after the Payment Date occurring in January 2017, to the payment of all principal of the Loans, pro rata based on each Lender's Pro Rata Term Loan Share, up to an aggregate amount of $1,250,000 on any Payment Date;

(v) FIFTH, all remaining amounts to the Borrower.

In the event that the amounts distributed under Section 2.9.1(b) on any Payment Date are insufficient for payment of the amounts set forth in Section 2.9.1(b)(i) through (iii) for such Payment Date, Borrower shall pay an amount equal to the extent of such insufficiency within five (5) Business Days of request by Agent. For the avoidance of doubt, at all times prior to the Payment Date in January 2017, Borrower shall only be required to pay Revenue-Based Payments to the extent of amounts due and owing under clauses (i) through (iii) above on each such Payment Date prior to January 2017. For the avoidance of doubt, prior to the occurrence and continuance of an Event of Default, no Revenue-Based Payment shall be applied to the payment of any Synthetic Royalty Payment due and owing as of such date unless otherwise agreed to by Agent in its sole discretion.

2.9.2 Synthetic Royalty Payment.

(a) In addition to the Revenue-Based Payment, during the period commencing with the Fiscal Quarter beginning January 1, 2017 until the earlier of (a) the Maturity Date and (b) the date on which the Obligations are Paid in Full, Borrower promises to pay to Agent, for the account of each Lender according to its Pro Rata Term Loan Share, an amount equal to the following (each, a "Synthetic Royalty Payment" and collectively the "Synthetic Royalty Payments"):

(i) with respect to each of the first three (3) Fiscal Quarters of each Fiscal Year (beginning with the first Fiscal Quarter of 2017), an amount equal to the lesser of *(x)* one and one-quarter percent (1.25%) multiplied by the aggregate Diagnostic Product Revenue in such Fiscal Quarter and *(y)* $250,000; and

(ii) with respect to the last Fiscal Quarter of each Fiscal Year (begin in 2017), an amount equal to (A)(1) one and one-quarter percent (1.25%) multiplied by (2) the lesser of *(x)* the aggregate Diagnostic Product Revenue in such Fiscal Year and *(y)* $80,000,000, minus (B) the amount of Synthetic Royalty Payments, if any, made with respect to prior Fiscal Quarters in such Fiscal Year pursuant to clause (i) above; *provided* that the Synthetic Royalty Payment due under this clause (ii) is payable solely upon Diagnostic Product Revenue in a given Fiscal Year, and will not be calculated on a cumulative, year-over-year basis.

(b) The Synthetic Royalty Payment with respect to each Fiscal Quarter shall be payable on the Payment Date next following the end of such Fiscal Quarter.

2.9.3 Preliminary Reporting.

(a) With respect to each Fiscal Quarter ending prior to the date on which the Obligations are Paid in Full, Borrower shall provide a written report to Agent of the Aggregate Revenue of Borrower and its Subsidiaries for such Fiscal Quarter and the calculation of the Revenue-Based Payment due and payable to the Lenders, in the aggregate, with respect to such Fiscal Quarter. With respect to each Fiscal Quarter from and after the first Fiscal Quarter of 2017 until the date on which the Obligations are Paid in Full, Borrower shall provide a written report to Agent of the aggregate Diagnostic Product Revenue of Borrower and its Subsidiaries for such Fiscal Quarter and the calculation of the Synthetic Royalty Payment due and payable to the Lenders, in the aggregate, with respect to such Fiscal Quarter. Each such report shall be due within forty (40) calendar days of the end of the relevant Fiscal Quarter, as applicable.

(b) In the event that Borrower makes any adjustment to any such Aggregate Revenue or Diagnostic Product Revenue previously reported to Agent pursuant to clause (a) above, and such adjustment results in an adjustment to the Revenue-Based Payment and/or Synthetic Royalty Payment due to the Lenders pursuant to this Section 2.9, as applicable, Borrower shall so notify Agent and, upon Agent's approval thereof (not to be unreasonably withheld, delayed or conditioned), such adjustment shall be captured, reported and reconciled with the next scheduled report and payment of Revenue-Based Payment and/or Synthetic Royalty Payment hereunder, as applicable.

2.9.4 Principal.

Notwithstanding the foregoing, the outstanding principal balance of the Term Loan and all other Obligations then due and owing shall be Paid in Full on the Term Loan Maturity Date.

2.10 Payment.

2.10.1 Making of Payments.

Except as set forth in the last sentence of this Section 2.10.1, all payments of principal, interest, fees and other amounts, shall be made in immediately available funds, via wire transfer as directed by Agent and each Lender in writing, not later than 1:00 p.m. Dallas time on the date due, and funds received after that hour shall be deemed to have been received by Agent and/or such Lenders on the following Business Day. Not later than two (2) Business Days prior to each Payment Date, Agent shall provide to Borrower and each Lender a quarterly statement with the amounts payable by Borrower to Agent and each Lender on such Payment Date in accordance with Section 2.9.1(b) hereof, which shall include, for additional clarity, Agent's calculation of the Revenue Based Payment for the prior Fiscal Quarter, which statement shall be binding on Borrower absent manifest error, and Borrower shall be entitled to rely on such quarterly statement in relation to its payment obligations on such Payment Date. Except as otherwise specified herein or as otherwise directed by Agent in writing, all payments under this Agreement shall be made by Borrower directly to each Lender entitled thereto.

2.10.2 Application of Payments and Proceeds Following an Event of Default

Following the occurrence and during the continuance of an Event of Default, or if the Obligations have otherwise become or have been declared to become immediately due and payable in accordance with this Agreement, then notwithstanding anything herein or in any other Loan Document to the contrary, Agent shall apply all or any part of payments in respect of the Obligations and proceeds of Collateral, in each case as received by Agent, to the payment of the Obligations in the following order:

(i) FIRST, to the payment of all fees, costs, expenses and indemnities due and owing to Agent under this Agreement or any other Loan Document, and any other Obligations owing to Agent in respect of sums advanced by Agent to preserve or protect the Collateral or to preserve or protect its security interest in the Collateral;

(ii) SECOND, to the payment of all fees (including, without limitation, any Synthetic Royalty Payments), costs, expenses and indemnities due and owing to Lenders in respect of the Loans, pro rata based on each Lender's Pro Rata Term Loan Share, until Paid in Full;

(iii) THIRD, to the payment of all accrued and unpaid interest due and owing to Lenders in respect of the Loans, pro rata based on each Lender's Pro Rata Term Loan Share, until Paid in Full;

(iv) FOURTH, to the payment of all principal of the Loans due and owing, pro rata based on each Lender's Pro Rata Term Loan Share, until Paid in Full;

(v) FIFTH, to the payment of all other Obligations owing to each Lender, pro rata based on each Lender's Pro Rata Term Loan Share, until Paid in Full; and

(vi) SIXTH, to Borrower or whomsoever may be entitled to such amount by applicable law.

2.10.3 Set-off.

Borrower agrees that Agent and each Lender and its Affiliates have all rights of set-off and bankers' lien provided by applicable law, and in addition thereto, Borrower agrees that at any time an Event of Default exists, Agent and each Lender may, to the fullest extent permitted by applicable law, apply to the payment of any Obligations of Borrower hereunder then due, any and all balances, credits, deposits, accounts or moneys of Borrower then or thereafter with Agent or such Lender. Notwithstanding

the foregoing, no Lender shall exercise any rights described in the preceding sentence without the prior written consent of Agent.

2.10.4 Proration of Payments.

If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of set-off or otherwise, on account of principal of or interest on any Loan, but excluding any payment pursuant to Section 3.1, 3.2 or 10.8) in excess of its applicable Pro Rata Term Loan Share of payments and other recoveries obtained by all Lenders on account of principal of and interest on such Term Loan then held by them, then such Lender shall purchase from the other Lenders such participations in the Loans held by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; *provided* that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery.

2.10.5 Applicable High Yield Discount Obligations. If the Loan would constitute an "applicable high yield discount obligation" within the meaning of Section 163(i)(1) of the IRC, at the end of the first "accrual period" (as defined in Section 1272(a)(5) of the Code) ending after the fifth anniversary of the Loans' issuance (and at the end of each accrual period thereafter) Borrower shall prepay such amounts so as to prevent the Loan from being treated as an "applicable high yield discount obligation" within the meaning of Section 163(i)(1) of the IRC.

3. Yield Protection.

3.1 Taxes.

(a) All payments of principal and interest on the Loans and all other amounts payable hereunder by or on behalf of Borrower to or for the account of Agent or any Lender shall be made free and clear of and without deduction or withholding for any present or future income, excise, stamp, documentary, property or franchise taxes and other taxes, fees, duties, levies, or other similar charges imposed by any Governmental Authority that is a taxing authority ("Taxes") except as required by applicable law, rule or regulation. If any withholding or deduction from any payment to be made by Borrower hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then Borrower shall: *(w)* make such withholding or deduction; *(x)* pay directly to the relevant Governmental Authority the full amount required to be so withheld or deducted; *(y)* as promptly as practicable forward to Agent the original or a certified copy of an official receipt or other documentation reasonably satisfactory to Agent evidencing such payment to such Governmental Authority; and *(z)* if the withholding or deduction is with respect to Indemnified Taxes, pay to Agent for the account of Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by each Lender will equal the full amount such Lender would have received had no such withholding or deduction of Indemnified Taxes been required.

(b) Borrower shall indemnify Agent and each Lender for any Indemnified Taxes paid by Agent or such Lender, as applicable, on or with respect to any payment by or on account of any obligation of Borrower hereunder, and any additions to Tax, penalties and interest paid by Agent or such Lender with respect to such Indemnified Taxes; *provided* that Borrower shall not have any obligation to indemnify any party hereunder for any Indemnified Taxes or additions to Tax, penalties or interest with respect thereto that result from or are attributable to such party's own gross negligence or willful misconduct. Payment under this Section 3.1(b) shall be made within thirty (30) days after the date Agent or the Lender, as applicable, makes written demand therefor; *provided, however,* that if such written demand is made more than one-hundred eighty (180) days after the earlier of (i) the date on which Agent or the Lender, as applicable,

pays such Indemnified Taxes or additions to Tax, penalties or interest with respect thereto and (ii) the date on which the applicable Governmental Authority makes written demand on Agent or such Lender, as applicable, for payment of such Indemnified Taxes or additions to Tax, penalties or interest with respect thereto, then Borrower shall not be obligated to indemnify Agent or such Lender for such Indemnified Taxes or additions to Tax, penalties or interest with respect thereto.

(c) Each Foreign Lender that is a party hereto on the Closing Date or becomes an assignee of an interest under this Agreement under Section 10.8.1 after the Closing Date (unless such Lender was already a Lender hereunder immediately prior to such assignment) shall deliver to Borrower and Agent on or prior to the date on which such Foreign Lender becomes a party to this Agreement:

(i) Two duly completed and executed originals of IRS Form W-8BEN (or IRS Form W-8BENE) claiming exemption from withholding of Taxes under an income tax treaty to which the United States of America is a party;

(ii) two duly completed and executed originals of IRS Form W-8ECI;

(iii) a certificate in form and substance reasonably satisfactory to Agent and Borrower claiming entitlement to the portfolio interest exemption under Section 881(c) of the IRC and certifying that such Foreign Lender is not *(x)* a "bank" within the meaning of Section 881(c)(3)(A) of the IRC, *(y)* a "10 percent shareholder" of Borrower within the meaning of Section 881(c)(3)(B) of the IRC, or *(z)* a "controlled foreign corporation" described in Section 881(c)(3)(C) of the IRC, together with two duly completed and executed originals of IRS Form W-8BEN (or IRS Form W-8BENE); or

(iv) if the Foreign Lender is not the beneficial owner of amounts paid to it hereunder, two duly completed and executed originals of IRS Form W-8IMY, each accompanied by a duly completed and executed IRS Form W-8ECI, IRS Form W-8BEN (or IRS Form W-8BENE), IRS Form W-9 or a portfolio interest certificate described in clause (iii) above from each beneficial owner of such amounts claiming entitlement to exemption from withholding or backup withholding of Taxes.

Each Foreign Lender shall (to the extent legally entitled to do so) provide updated forms to Borrower and Agent on or prior to the date any prior form previously provided under this clause (c) becomes obsolete or expires, after the occurrence of an event requiring a change in the most recent form or certification previously delivered by it pursuant to this clause (c) or from time to time if requested by Borrower or Agent. Each U.S. Lender shall deliver to Agent and Borrower on or prior to the date on which such Lender becomes a party to this Agreement (and from time to time thereafter upon the request of Borrower or Agent) properly completed and executed originals of IRS Form W-9 certifying that such Lender is exempt from backup withholding. Notwithstanding anything to the contrary contained in this Agreement, Borrower shall not be required to pay additional amounts to or indemnify any Lender pursuant to this Section 3.1 with respect to any Taxes required to be deducted or withheld (or any additions to Tax, penalties or interest with respect thereto) (A) on the basis of the information, certificates or statements of exemption provided by a Lender pursuant to this clause (c), or (B) if such Lender shall fail to comply with the certification requirements of this clause (c).

(d) Without limiting the foregoing, each Lender shall timely comply with any certification, documentation, information or other reporting necessary to establish an exemption from withholding under FATCA and shall provide any documentation reasonably requested by Borrower or Agent sufficient for Borrower and Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such applicable reporting requirements.

(e) If Agent or a Lender determines that it is entitled to or has received a refund of any Taxes for which it has been indemnified by Borrower (or another Loan Party) or with respect to which Borrower (or another Loan Party) shall have paid additional amounts pursuant to this Section 3.1, it shall promptly notify Borrower of such refund, and promptly make an appropriate claim to the relevant Governmental Authority for such refund (if it has not previously done so). If Agent or a Lender receives a refund (whether or not pursuant to such claim) of such Taxes, it shall promptly pay over such refund to Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by Loan Parties under this Section 3.1 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of the Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that Borrower, upon the request of Agent or such Lender, agrees to repay to Agent or such Lender the amount paid over to Borrower in the event Agent or such Lender is required to repay such refund to such Governmental Authority. This Section 3.1(e) shall not be construed to require Agent or any Lender to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to Borrower or any other Person or to alter its internal practices or procedures with respect to the administration of Taxes.

(f) Each Lender shall severally indemnify Borrower for any Excluded Taxes attributable to such Lender and any additions to Tax, penalties and interest with respect to such Excluded Taxes that are paid by Borrower with respect to a payment hereunder.

3.2 Increased Cost.

(a) If, after the Closing Date, the adoption of, or any change in, any applicable law, rule or regulation, or any change in the interpretation or administration of any applicable law, rule or regulation by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof *(provided* that notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith shall be considered a change in applicable law, regardless of the date enacted, adopted or issued), or compliance by any Lender with any request or directive (whether or not having the force of law) issued after the Closing Date of any such authority, central bank or comparable agency: (i) shall impose, modify or deem applicable any reserve (including any reserve imposed by the FRB), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by any Lender; or (ii) shall impose on any Lender any other condition affecting its ability to make loans based on the LIBOR Rate or its obligation to make loans based on the LIBOR Rate; and the result of anything described in clauses (i) and (ii) above is to increase the cost to (or to impose a cost on) such Lender of making or maintaining any loan based on the LIBOR Rate, or to reduce the amount of any sum received or receivable by such Lender under this Agreement or under its Note with respect thereto, then upon demand by such Lender (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to Agent), and without duplication of other payment obligations of Borrower hereunder (including pursuant to Section 3.1), Borrower shall pay directly to such Lender such additional amount as will compensate such Lender for such increased cost or such reduction, so long as such amounts have accrued on or after the day which is one-hundred eighty (180) days prior to the date on which such Lender first made demand therefor; *provided* that if the event giving rise to such costs or reductions has retroactive effect, such one-hundred eighty (180) day period shall be extended to include the period of retroactive effect. For the avoidance of doubt, this clause (a) will not apply to any such increased costs or reductions resulting from Taxes, as to which Section 3.1 shall govern.

(b) If any Lender shall reasonably determine that any change after the Closing Date in, or the adoption or phase-in after the Closing Date of, any applicable law, rule or regulation regarding

capital adequacy, or any change after the Closing Date in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or the compliance by any Lender or any Person controlling such Lender with any request or directive issued after the Closing Date regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's or such controlling Person's capital as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such controlling Person could have achieved but for such change, adoption, phase-in or compliance (taking into consideration such Lender's or such controlling Person's policies with respect to capital adequacy) by an amount deemed by such Lender or such controlling Person to be material, then from time to time, within five (5) Business Days of demand by such Lender (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to Agent), Borrower shall pay to such Lender such additional amount as will compensate such Lender or such controlling Person for such reduction, so long as such amounts have accrued on or after the day which is one-hundred eighty (180) days prior to the date on which such Lender first made demand therefor; *provided* that if the event giving rise to such costs or reductions has retroactive effect, such one-hundred eighty (180) day period shall be extended to include the period of retroactive effect.

(c) Each Lender agrees that, as promptly as practicable after the officer of such Lender responsible for administering its Loans, becomes aware of the occurrence of an event or the existence of a condition that would entitle such Lender to receive payments under this Section 3.2, it will, to the extent not inconsistent with the internal policies of such Lender and any applicable legal or regulatory restrictions, use reasonable efforts to (i) make, issue, fund or maintain its Loans through another office of such Lender, or (ii) take such other measures as such Lender may deem reasonable, if as a result thereof the additional amounts which would otherwise be required to be paid to such Lender pursuant to this Section 3.2 would be materially reduced and if, as determined by such Lender in its sole discretion, the making, issuing, funding or maintaining of such Loans through such other office or in accordance with such other measures, as the case may be, would not otherwise adversely affect such Loans or the interests of such Lender; *provided* that such Lender will not be obligated to utilize such other office pursuant to this clause (c) unless Borrower agrees to pay all incremental expenses incurred by such Lender as a result of utilizing such other office as described above. A certificate as to the amount of any such expenses payable by Borrower pursuant to this clause (c) (setting forth in reasonable detail the basis for requesting such amount) submitted by such Lender to Borrower (with a copy to Agent) shall be conclusive absent manifest error.

3.3 Funding Losses.

Borrower hereby agrees that upon demand by any Lender (which demand shall be accompanied by a statement setting forth the basis for the amount being claimed, a copy of which shall be furnished to Agent), Borrower will indemnify such Lender against any net loss or expense which such Lender may sustain or incur (including any net loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain the Term Loan subject to the LIBOR Rate, as reasonably determined by such Lender, as a result of (a) any payment or prepayment of any Term Loan of such Lender on a date other than the Term Loan Maturity Date or (b) any failure of Borrower to borrow any Loan on a date specified therefor in a notice of borrowing pursuant to this Agreement. For the purposes of this Section 3.3, all determinations shall be made as if such Lender had actually funded and maintained each Term Loan through the purchase of deposits having a maturity corresponding to the Loan and bearing an interest rate equal to the LIBOR Rate during such period of time being measured

3.4 Manner of Funding; Alternate Funding Offices

Notwithstanding any provision of this Agreement to the contrary, each Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it may determine at its sole discretion. Each Lender may, if it so elects, fulfill its commitment to make any Term Loan by causing any branch or Affiliate of such Lender to make such Loan; *provided* that in such event for the purposes of this Agreement (other than Section 3.1) such Loan shall be deemed to have been made by such Lender and the obligation of Borrower to repay such Loan shall nevertheless be to such Lender and shall be deemed held by it, to the extent of such Loan, for the account of such branch or Affiliate.

3.5 Conclusiveness of Statements; Survival.

Determinations and statements of any Lender pursuant to Section 3.1, 3.2, 3.3 or *3.4* shall be conclusive absent demonstrable error. Lenders may use reasonable averaging and attribution methods in determining compensation under Sections 3.1 or 3.2, and the provisions of such Sections shall survive repayment of the Loans, cancellation of the Notes and termination of this Agreement.

4. Conditions Precedent.

The obligation of each Lender to make its Loan hereunder is subject to the following conditions precedent, each of which shall be reasonably satisfactory in all respects to Agent.

4.1 Prior Debt.

The Prior Debt has been (or concurrently with the initial borrowing will be) paid in full and all related Liens have been (or concurrently with the initial borrowing will be) released.

4.2 Delivery of Loan Documents.

Borrower shall have delivered the following documents (and, as applicable, duly executed and dated the Closing Date or an earlier date satisfactory to Agent):

(a) Loan Documents. The Loan Documents to which any Loan Party is a party, each duly executed by a Responsible Officer of each Loan Party and the other parties thereto (except Agent and the Lenders), and (ii) each other Person (except Agent and the Lenders) shall have delivered to Agent and Lenders the Loan Documents to which it is a party, each duly executed and delivered by such Person and the other parties thereto (except Agent and the Lenders).

(b) Financing Statements. Properly completed Uniform Commercial Code financing statements and other filings and documents required by law or the Loan Documents to provide Agent, for the benefit of Lenders, perfected first priority Liens (subject to Permitted Liens) in the Collateral.

(c) Lien Searches. Copies of Uniform Commercial Code, foreign, state and county search reports listing all effective financing statements filed and other Liens of record against any Loan Party, with copies of any financing statements and applicable searches of the records of the U.S. Patent and Trademark Office performed with respect to each Loan Party, all in each jurisdiction reasonably determined by Agent.

(d) Collateral Access Agreements. Fully executed (except by Agent and the Lenders) Collateral Access Agreements reasonably requested by Agent with respect to the Collateral.

(e) Payoff; Release. Payoff letters with respect to the repayment in full of all Prior Debt, termination of all agreements relating thereto and the release of all Liens granted in connection

therewith, with Uniform Commercial Code or other appropriate termination statements and documents effective to evidence the foregoing or authorization to file the same.

(f) Authorization Documents. For each Loan Party, such Person's (i) charter (or similar formation document), certified by the appropriate Governmental Authority, (ii) good standing certificates in its jurisdiction of incorporation (or formation) and in each other jurisdiction reasonably requested by Agent, (iii) bylaws (or similar governing document), (iv) resolutions of its board of directors (or similar governing body) approving and authorizing such Person's execution, delivery and performance of the Loan Documents to which it is party and the transactions contemplated thereby, and (v) signature and incumbency certificates of its officers executing any of the Loan Documents, all certified by its secretary or an assistant secretary (or similar officer) as being in full force and effect without modification, in form and substance reasonably satisfactory to Agent.

(g) Closing Certificate. A certificate executed by a Responsible Officer of Borrower, which shall constitute a representation and warranty by Borrower as of the Closing Date that the conditions contained in this Section 4 have been satisfied.

(h) Opinions of Counsel. Opinions of counsel for each Loan Party regarding certain closing matters, and Borrower hereby requests such counsel to deliver such opinions and authorizes Agent and Lenders to rely thereon.

(i) Insurance. Certificates or other evidence of insurance in effect as required by Section 6.3(c) and (d), with endorsements naming Agent as lenders' loss payee and/or additional insured, as applicable.

(j) Solvency Certificate. Agent shall have received a certificate of the chief financial officer (or, in the absence of a chief financial officer, the chief executive officer or manager) of Borrower, in his or her capacity as such and not in his or her individual capacity, in form and substance reasonably satisfactory to Agent, certifying (i) that Borrower is Solvent after giving effect to the transactions and the indebtedness contemplated by the Loan Documents, and (ii) as to Borrower's financial resources and anticipated ability to meet its obligations and liabilities as they become due, to the effect that as of the Closing Date, and after giving effect to such transaction and indebtedness: (A) the assets of Borrower, individually and on a consolidated basis, at a Fair Valuation, exceed the total liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of Borrower, and (B) no unreasonably small capital base with which to engage in its anticipated business exists with respect to Borrower.

(k) Financials. The financial statements, projections and pro forma balance sheet described in Section 5.4.

(l) Account Control Agreement. The fully-executed Account Control Agreements in form and substance acceptable to Agent.

(m) Consents. Evidence that all necessary consents, permits and approvals (governmental or otherwise) required for the execution, delivery and performance by each Loan Party of the Loan Documents have been duly obtained and are in full force and effect.

(n) Other Documents. Such other certificates, documents and agreements as Agent or any Lender may reasonably request.

4.3 Fees.

The Lenders and Agent shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel), required to be paid under the Loan Documents on or before the Closing Date. All such amounts will be paid with proceeds of the advance of the Term Loan and any previous expense deposits made with Agent on or before the Closing Date and will be reflected in the funding instructions given by Borrower to Agent on or before the Closing Date.

4.4 Representations, Warranties, Defaults.

As of the Closing Date, after giving effect to the making of the Loans, (a) all representations and warranties of Borrower set forth in any Loan Document shall be true and correct in all material respects as if made on and as of the Closing Date (except for representations and warranties that specifically refer to an earlier date, which shall be true and correct in all material respects as of such earlier date) and (b) no Default or Event of Default shall exist. The acceptance of the Term Loan by Borrower shall be deemed to be a certification by Borrower that the conditions set forth in this Section 4.5 have been satisfied.

4.5 Diligence.

Agent and Lenders shall have completed their due diligence review of the Loan Parties, their assets, business, obligations and the transactions contemplated herein, the results of which shall be satisfactory in form and substance to Lenders, of Borrower, including, without limitation, (i) an examination of (A) Borrower projected Aggregate Revenue for such periods as required by Lenders, (B) such valuations of Borrower and its assets as Lenders shall require (C) the terms and conditions of all obligations owed by Borrower deemed material by Lenders, the results of which shall be satisfactory in form and substance to Lenders and (D) background checks with respect to the managers, officers and owners of Borrower; (ii) an examination of the Collateral, the financial statements and the books, records, business, obligations, financial condition and operational state of Borrower, and Borrower shall have demonstrated to Lender's satisfaction, in its sole discretion, that *(x)* no operations of Borrower are the subject of any governmental investigation, evaluation or any remedial action which would reasonably be expected to result in any expenditure or liability deemed material by Lenders, in their sole discretion, and *(y)* Borrower has no liabilities or obligations (whether contingent or otherwise) that are deemed material by Lenders, in their reasonable discretion.

4.6 Corporate Matters.

All corporate and other proceedings, documents, instruments and other legal matters in connection with the transactions contemplated by the Loan Documents (including, but not limited to, those relating to corporate and capital structures of Borrower) shall be satisfactory to Lenders in their sole discretion which shall not be unreasonably withheld, delayed or conditioned.

4.7 No Felonies or Indictable Offenses.

No Loan Party nor, to Borrower's knowledge, any of their respective Affiliates nor any of their officers or key management personnel shall have been charged with or be under active investigation for a felony crime.

4.8 No Material Adverse Effect.

There shall not be any Obligations of any nature with respect to any Loan Party and no event, fact or circumstance shall have occurred, in each case that could reasonably be likely to have a Material Adverse Effect.

4.9 RedPath Acquisition Closing.

Agent shall have received (i) executed copies of the documentation governing the RedPath Acquisition as well as such other related materials and evidence of the closing of such RedPath Acquisition as reasonably requested by Agent and (ii) a fully-executed copy of the RedPath Subordination Agreement.

5. Representations and Warranties.

To induce Agent and Lenders to enter into this Agreement and to induce Lenders to make Loans hereunder, Borrower represents and warrants to Agent and Lenders, as of the Closing Date that:

5.1 Organization.

Each Loan Party is validly existing and in good standing under the laws of its state of jurisdiction as set forth on Schedule 5.1, and as of the Closing Date is duly qualified to do business in each jurisdiction set forth on Schedule 5.1, which are all of the jurisdictions in which failure to so qualify would reasonably be expected to have a Material Adverse Effect.

5.2 Authorization; No Conflict.

Each Loan Party is duly authorized to execute and deliver each Loan Document to which it is a party, to borrow or guaranty monies hereunder, as applicable, and to perform its Obligations under each Loan Document to which it is a party. The execution, delivery and performance by the Loan Parties of this Agreement and the other Loan Document to which it is a party, as applicable, and the transactions contemplated therein, do not and will not (a) require any consent or approval of any Governmental Authority (other than any consent or approval which has been obtained and is in full force and effect), (b) conflict with (i) any provision of applicable law (including any Health Care Law), (ii) the charter, bylaws or other organizational documents of such Loan Party or (iii) (except as it relates to the documents governing the Prior Debt, each of which will be terminated and/or paid on the Closing Date) any Material Contract, or any judgment, order or decree, which is binding upon any Loan Party or any of its properties or (c) require, or result in, the creation or imposition of any Lien on any asset of any Loan Party (other than Liens in favor of Agent created pursuant to the Collateral Documents).

5.3 Validity; Binding Nature.

Each of this Agreement and each other Loan Document to which any Loan Party is a party, as applicable, is the legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally and to general principles of equity and concepts of reasonableness.

5.4 Financial Condition.

(a) The unaudited consolidated financial statements of Borrower as of the Fiscal Quarter ending June 30, 2014, copies of each of which have been delivered pursuant hereto, were prepared in accordance with GAAP and present fairly in all material respects the consolidated financial condition of Borrower as at such dates and the results of its operations for the periods then ended.

(b) The consolidated financial projections (including an operating budget and a cash flow budget) of Borrower for the period ending December 31, 2019 delivered to Agent and Lenders on or prior to the Closing Date (i) were prepared by Borrower in good faith and (ii) were prepared in accordance with assumptions for which Borrower believes it has a reasonable basis, and the accompanying

consolidated pro forma balance sheet of Borrower and its Subsidiaries as at the Closing Date, adjusted to give effect to the financings contemplated hereby as if such transactions had occurred on such date, is consistent in all material respects with such projections (it being understood that the projections are not a guaranty of future performance and that actual results during the period covered by the projections may materially differ from the projected results therein).

5.5 No Material Adverse Change.

Since June 30, 2014, there has been no material adverse change in the financial condition, operations, assets, business or properties of Borrower and its Subsidiaries taken as a whole.

5.6 Litigation.

No litigation (including derivative actions), arbitration proceeding or governmental investigation or proceeding is pending or, to Borrower's knowledge, threatened against any Loan Party that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. As of the Closing Date, other than any liability incidental to such litigation or proceedings, no Loan Party has any material Contingent Obligations not listed on Schedule 7.1 or disclosed in the financial statements specified in Section 5.4(a).

5.7 Ownership of Properties; Liens.

Borrower and each other Loan Party owns all of its material properties and assets, tangible and intangible, of any nature whatsoever that it purports to own (including Intellectual Property), free and clear of all Liens and charges and claims (including, to the knowledge of each Loan Party, infringement claims with respect to Intellectual Property), except Permitted Liens or as otherwise set forth on Schedule 5.7.

5.8 Capitalization.

All issued and outstanding Equity Interests of Loan Parties are duly authorized, validly issued, fully paid, non-assessable, and such securities were issued in compliance in all material respects with all applicable state and federal laws concerning the issuance of securities. Schedule 5.8 sets forth the authorized Equity Interests of each Loan Party as of the Closing Date as well as all Persons owning more than ten percent (10%) of the outstanding Equity Interests in each such Loan Party.

5.9 Pension Plans.

No Loan Party has, nor to Borrower's knowledge has any Loan Party ever had, a Pension Plan.

5.10 Investment Company Act.

No Loan Party is an "investment company" or a company "controlled" by an "investment company" or a "subsidiary" of an "investment company", within the meaning of the Investment Company Act of 1940.

5.11 No Default.

No Event of Default or Default exists or would result from the incurrence by Borrower of any Debt hereunder or under any other Loan Document or as a result of any Loan Party entering into the

Loan Documents to which it is a party.

5.12 Margin Stock.

No Loan Party is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock. As of the Closing Date, no portion of the Obligations is secured directly or indirectly by Margin Stock.

5.13 Taxes.

Except as otherwise set forth on Schedule 5.13 hereto, each Loan Party has filed, or caused to be filed, all income and other material federal, state, foreign and other tax returns and reports required by law to have been filed by it and has paid all federal, state, foreign and other taxes and governmental charges thereby shown to be owing, except any such taxes or charges (a) that are not delinquent or (b) that are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on its books.

5.14 Solvency.

On the Closing Date, and immediately prior to and after giving effect to the borrowing hereunder and the use of the proceeds thereof, Borrower is, and will be, Solvent.

5.15 Environmental Matters.

The on-going operations of Loan Parties comply in all respects with all applicable Environmental Laws, except for non-compliance which could not (if enforced in accordance with applicable law) reasonably be expected to result in a Material Adverse Effect. Each Loan Party has obtained, and maintained in good standing, all licenses, permits, authorizations and registrations required under any Environmental Law and necessary for its respective ordinary course operations, and each Loan Party is in compliance with all material terms and conditions thereof, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect. Neither Borrower, any of its Subsidiaries nor any of their respective properties or operations is subject to any outstanding written order from or agreement with any federal, state, or local Governmental Authority, nor subject to any judicial or docketed administrative proceeding, respecting any Environmental Law, Environmental Claim or Hazardous Substance. There are no Hazardous Substances or other conditions or circumstances existing with respect to any property, or arising from operations prior to the Closing Date, of any Loan Party that would reasonably be expected to result in a Material Adverse Effect. No Loan Party has underground storage tanks.

5.16 Insurance.

Loan Parties and their respective properties are insured with financially sound and reputable insurance companies which are not Affiliates of any Loan Party, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where such Loan Parties operate, as applicable. A true and complete listing of such insurance as of the Closing Date, including issuers, coverages and deductibles, is set forth on Schedule 5.16.

5.17 Information.

All written information heretofore or contemporaneously herewith furnished in writing by Borrower to Agent or any Lender for purposes of or in connection with this Agreement and the transactions

contemplated hereby, taken as a whole, is, and all written information hereafter furnished by or on behalf of Borrower to Agent or any Lender pursuant hereto or in connection herewith, taken as a whole, will be true and accurate in every material respect on the date as of which such information, taken as a whole, is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading in any material respect in light of the circumstances under which made (it being recognized by Agent and Lenders that any projections and forecasts provided by Borrower are based on good faith estimates and assumptions believed by Borrower to be reasonable as of the date of the applicable projections or assumptions and that actual results during the period or periods covered by any such projections and forecasts may differ from projected or forecasted results).

5.18 Intellectual Property; Products and Services

(a) Schedule 5.18(a) (as updated from time to time in accordance with Section 6.1.2 hereof) lists all of Loan Parties' Registered Intellectual Property. Each Loan Party owns and possesses or has a license or other right to use all Intellectual Property as is necessary for the conduct of the business of such Loan Party, without (to the knowledge of each such Loan Party) any infringement upon the intellectual property rights of others, except as otherwise set forth on Schedule 5.18(a) hereto.

(b) Schedule 5.18(b) (as updated from time to time in accordance with Section 6.1.2 hereof) lists all material Products and Services, and all Required Permits in relation thereto, and Borrower has delivered to Agent a copy of all Required Permits as of the date hereof and to the extent requested by Agent from time to time in its discretion.

(i) With respect to any Product or Service being tested, manufactured, marketed, sold, and/or delivered by Loan Parties, the applicable Loan Party has received (or the applicable, authorized third parties have received), and such Product or Service is the subject of, all Required Permits needed in connection with the testing, manufacture, marketing, sale, and/or delivery of such Product or Service by or on behalf of Loan Parties. No Loan Party has received any notice from any applicable Governmental Authority, specifically including the FDA and/or CMS, that such Governmental Authority is conducting an investigation or review (other than a normal routine scheduled inspection) of any Loan Party's *(x)* manufacturing facilities, laboratory facilities, the processes for such Product, or any related sales or marketing activities and/or the Required Permits related to such Product, and *(y)* laboratory facilities, the processes for such Services, or any related sales or marketing activities and/or the Required Permits related to such Services. There are no material deficiencies or violations of applicable laws in relation to the manufacturing, processes, sales, marketing, or delivery of such Product or Services and/or the Required Permits related to such Product or Services, no Required Permit has been revoked or withdrawn, nor, to the best of Borrower's knowledge, has any such Governmental Authority issued any order or recommendation stating that the development, testing, manufacturing, sales and/or marketing of such Product or Services by or on behalf of Loan Parties should cease or be withdrawn from the marketplace, as applicable.

(ii) Except as set forth on Schedule 5.18(b), (A) there have been no adverse clinical test results in respect of any Product since the date on which the applicable Loan Party acquired rights to such Product, and (B) there have been no product recalls or voluntary product withdrawals from any market in respect of any Product since the date on which the applicable Loan Party acquired rights to such Product.

(iii) No Loan Party has experienced any significant failures in its manufacturing of any Product which caused any reduction in Products sold.

5.19 Restrictive Provisions.

No Loan Party is a party to any agreement or contract or subject to any restriction contained in its operative documents which would reasonably be expected to have a Material Adverse Effect.

5.20 Labor Matters.

No Loan Party is subject to any labor or collective bargaining agreement. There are no existing or threatened strikes, lockouts or other labor disputes involving any Loan Party that singly or in the aggregate would reasonably be expected to have a Material Adverse Effect. Hours worked by and payment made to employees of each Loan Party are not in violation in any material respect of the Fair Labor Standards Act or any other applicable law, rule or regulation dealing with such matters.

5.21 Material Contracts.

Except for the agreements set forth onSchedule 5.21 (collectively, the "Material Contracts"), as of the Closing Date there are no (i) employment agreements covering the management of any Loan Party requiring payment of more than $100,000 in any year, (ii) collective bargaining agreements or other labor agreements covering Key Persons of any Loan Party, (iii) agreements for managerial, consulting or similar services to which any Loan Party is a party or by which it is bound requiring payment of more than $100,000 in any year, (iv) agreements regarding any Loan Party, its assets or operations or any investment therein to which any of its equity holders is a party requiring payment of more than $100,000 in any year, (v) patent licenses, trademark licenses, copyright licenses or other lease or license agreements to which any Loan Party is a party, either as lessor or lessee, or as licensor or licensee (other than widely-available software subject to "shrink-wrap" or "click-through" software licenses) requiring payment of more than $100,000 in any year, (vi) distribution, marketing or supply agreements to which any Loan Party is a party requiring payment of more than $100,000 in any year, (vii) customer agreements to which any Loan Party is a party that would be considered material to the business operations of Loan Parties, taken as a whole, as reasonably determined by Agent (which, for the avoidance of doubt, shall include any such customer agreements specifically listed or described in any SEC filings of a Loan Party), (viii) partnership agreements pursuant to which any Loan Party is a partner, limited liability company agreements pursuant to which any Loan Party is a member or manager, or joint venture agreements to which any Loan Party is a party (in each case other than the applicable Loan Parties' organizational documents), (ix) real estate leases, or *(x)* any other agreements or instruments to which any Loan Party is a party, in each case the breach, nonperformance or cancellation of which, would reasonably be expected to have a Material Adverse Effect. Schedule 5.21 sets forth, with respect to each real estate lease agreement to which any Loan Party is a party as of the Closing Date, the address of the subject property. The consummation of the transactions contemplated by the Loan Documents will not give rise to a right of termination in favor of any party to any Material Contract (other than a Loan Party) which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.22 Compliance with Laws; Health Care Laws.

(a) Laws Generally. Each Loan Party is in compliance in all material respects with, and is conducting and has conducted its business and operations in material compliance with the requirements of all applicable laws, rules, regulations, decrees, orders, judgments, licenses and permits except where the failure to be in compliance would not reasonably be expected to have a Material Adverse Effect.

(b) Health Care Laws. Without limiting the generality of clause (a) above:

(i) Each Loan Party is in compliance in all material respects with all applicable requirements of the Health Care Laws, except for any such violation which would not reasonably be expected (either individually and taken as a whole with any other violations) to have a Material Adverse

Effect.

(ii) Each Loan Party has (either directly or through one or more authorized third parties) (i) all material licenses, consents, certificates, permits, authorizations, approvals, franchises, registrations, qualifications and other rights from, and has made all material declarations and filings with, all applicable Governmental Authorities and self-regulatory authorities (each, an "Authorization") necessary to engage in the business conducted by it, except for such Authorizations with respect to which the failure to obtain would not reasonably be expected to have a Material Adverse Effect, and (ii) no knowledge that any Governmental Authority is considering limiting, suspending or revoking any such Authorization, except where the limitation, suspension or revocation of such Authorization would not reasonably be expected to have a Material Adverse Effect. All such Authorizations are valid and in full force and effect and such Loan Party is in material compliance with the terms and conditions of all such Authorizations and with the rules and regulations of the regulatory authorities having jurisdiction with respect to such Authorizations, except where failure to be in such compliance or for an Authorization to be valid and in full force and effect could not reasonably be expected to have a Material Adverse Effect.

(iii) Each Loan Party has received and maintains all material accreditations in good standing and without limitation or impairment by all applicable accrediting organizations, to the extent required by applicable law or regulation (including any foreign law or equivalent regulation), except where the failure to be so accredited and in good standing without limitation would not reasonably be expected to have a Material Adverse Effect.

(iv) Except where any of the following would not reasonably be expected to have a Material Adverse Effect, no Loan Party has been, or has been threatened to be, (i) excluded from participation in any U.S. health care programs pursuant to 42 U.S.C. §1320(a)7 or any related regulations, (ii) "suspended" or "debarred" from selling products to the U.S. government or its agencies pursuant to the Federal Acquisition Regulation, relating to debarment and suspension applicable to federal government agencies generally (48 C.F.R. Subpart 9.4), or other applicable laws or regulations, or (iii) otherwise prohibited by any Governmental Authority from selling products to any governmental or other purchaser pursuant to any federal, state or local laws or regulations.

(v) No Loan Party has received any written notice from the FDA, CMS, or any other Governmental Authority with respect to, nor to Borrower's knowledge is there, any actual or threatened investigation, inquiry, or administrative or judicial action, hearing, or enforcement proceeding by the FDA, CMS, or any other Governmental Authority against any Loan Party regarding any violation of applicable law, except for any statements of deficiencies from a Governmental Authority in connection with surveys and other routine reviews in the ordinary course of business and such investigations, inquiries, or administrative or judicial actions, hearings, or enforcement proceedings which have been satisfactorily resolved and are no longer outstanding or which, individually and in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

5.23 Existing Indebtedness; Investments, Guarantees and Certain Contracts

Except as set forth on Schedule 7.1 or otherwise specifically described in Section 7.1, Loan Parties do not (a) have any outstanding Debt, except Debt under the Loan Documents, or (b) own or hold any equity or long-term debt investments in, or have any outstanding advances to or any outstanding guarantees for the obligations of, or any outstanding borrowings from, any other Person.

5.24 Affiliated Agreements.

Except as set forth on Schedule 7.7 and employment agreements entered into with employees, managers, officers and directors from time to time in the ordinary course of business, (i) there are no existing or proposed agreements, arrangements, understandings or transactions between any Loan Party, on the one hand, and such Loan Party's members, managers, managing members, investors, officers, directors, stockholders, other equity holders, employees, or Affiliates or any members of their respective families, on the other hand, and (ii) to Borrower's knowledge, none of the foregoing Persons are directly or indirectly, indebted to or have any direct or indirect ownership or voting interest in, any Affiliate of any Loan Party or any Person with which any Loan Party has a business relationship or which competes with any Loan Party (except that any such Persons may own equity interests in (but not exceeding two percent (2%) of the outstanding equity interests of) any publicly traded company that may compete with Loan Parties).

5.25 Names; Locations of Offices, Records and Collateral; Deposit Accounts.

No Loan Party has conducted business under or used any name (whether corporate, partnership or assumed) other than such names set forth on Schedule 5.25A. Each Loan Party is the sole owner(s) of all of its respective names listed on Schedule 5.25A, and any and all business done and invoices issued in such names are such Loan Party's sales, business and invoices. Each Loan Party maintains, and since its formation has maintained, respective places of business only at the locations set forth on Schedule 5.25B or, after the Closing Date, as additionally disclosed to Agent and Lenders in writing, and all books and records of Loan Parties relating to or evidencing the Collateral are located and shall be only, in and at such locations (other than (i) Deposit Accounts, and (ii) Collateral in the possession of Agent, for the benefit of Lenders). All of the tangible Collateral is located only in the continental United States. Schedule 7.14 lists all of Loan Parties' Deposit Accounts as of the Closing Date.

5.26 Non-Subordination.

The Obligations are not subordinated in any way to any other obligations of Borrower or to the rights of any other Person.

5.27 Broker's or Finder's Commissions.

Except as set forth in Schedule 5.27, no broker's, finder's or placement fee or commission will be payable to any broker or agent engaged by any Loan Party or any of its officers, directors or agents with respect to the Loan or the transactions contemplated by this Agreement except for fees payable to Agent and Lenders. Borrower agrees to indemnify Agent and each Lender and hold each harmless from and against any claim, demand or liability for broker's, finder's or placement fees or similar commissions, whether or not payable by Borrower, alleged to have been incurred in connection with such transactions, other than any broker's or finder's fees payable to Persons engaged by Agent and/or Lenders without the knowledge of Borrower.

5.28 Anti-Terrorism; OFAC.

(a) No Loan Party nor any Person controlling or controlled by a Loan Party, nor any Person having a beneficial interest in a Loan Party, nor any Person for whom a Loan Party is acting as agent or nominee in connection with this transaction (1) is a Person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001, Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (2) engages in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise associated with any such Person in any manner violative of Section 2 of such executive order, or (3) is a Person on the list of Specially Designated Nationals and Blocked Persons

or is in violation of the limitations or prohibitions under any other OF AC regulation or executive order.

(b) No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

5.29 Security Interest.

Each Loan Party has full right and power to grant to Agent, for the benefit of itself and the other Lenders, a perfected, first priority (subject to Permitted Liens) security interest and Lien on the Collateral pursuant to this Agreement and the other Loan Documents, subject to the following sentence. Upon the execution and delivery of this Agreement and the other Loan Documents, and upon the filing of the necessary financing statements and/or appropriate filings and/or delivery of the necessary certificates evidencing an equity interest, control and/or possession, as applicable, without any further action, Agent will have a good, valid and first priority (subject to Permitted Liens) perfected Lien and security interest in the Collateral, for the benefit of Lenders. Borrower is not party to any agreement, document or instrument that conflicts with this Section 5.29.

5.30 Survival.

Borrower hereby makes the representations and warranties contained herein with the knowledge and intention that Agent and Lenders are relying and will rely thereon. All such representations and warranties will survive the execution and delivery of this Agreement, the Closing and the making of the Loan.

6. Affirmative Covenants.

Until all Obligations have been Paid in Full, Borrower agrees that, unless at any time Agent shall otherwise expressly consent in writing, it will:

6.1 Information.

Furnish to Agent (which shall furnish to each Lender):

6.1.1 Annual Report.

Promptly when available and in any event within ninety (90) days after the close of each Fiscal Year (unless Borrower files a Notice of Late Filing (12b-25 Notice) in which case such report shall be due within one hundred five (105) days of the end of the relevant Fiscal Year): (a) a copy of the Form 10-K annual audited report of Borrower and its Subsidiaries for such Fiscal Year, including therein a consolidated balance sheet and statement of cash flows and consolidated statement of earnings of Borrower and its Subsidiaries as at the end of and for such Fiscal Year, certified without qualification (except for qualifications relating to changes in accounting principles or practices reflecting changes in GAAP and required or approved by Borrower's independent certified public accountants) by independent auditors of recognized standing selected by Borrower and reasonably acceptable to Agent, with a comparison with the previous Fiscal Year. Together with each such annual report, Borrower shall deliver an internally-prepared statement of earnings (that reconciles to the statement of earnings in such Form 10-K) providing a breakout of the consolidated results of Borrower by major business units (diagnostics and other), each in detail reasonably acceptable to Agent.

6.1.2 Interim Reports.

Promptly when available and in any event within forty-five (45) days after the end of each Fiscal Quarter (unless Borrower files a Notice of Late Filing (12b-25 Notice) in which case such report shall be due within fifty (50) days of the end of the relevant Fiscal Quarter), the Borrower's Form 10-Q, each of which shall include (i) consolidated balance sheets of Borrower and its Subsidiaries as of the end of such Fiscal Quarter, together with consolidated statements of earnings and consolidated statements of cash flows for such Fiscal Quarter and for the period beginning with the first day of such Fiscal Year and ending on the last day of such Fiscal Quarter, together with a comparison with the corresponding period of the previous Fiscal Year and a comparison with the budget for such period of the current Fiscal Year, and (ii) updated Schedules 5.18(a) and (b) setting forth any changes to the disclosures set forth in such schedules as most recently provided to Agent or, as applicable, a written statement of Borrower's management stating that there have been no changes to such disclosures as most recently provided to Agent. Together with each such quarterly report, Borrower shall deliver an internally-prepared statement of earnings (that reconciles to the statement of earnings in such Form 10-Q) providing a breakout of the consolidated results of Borrower by major business units (diagnostics and other), each in detail reasonably acceptable to Agent.

6.1.3 Revenue-Based Payment and Synthetic Royalty Payment Reconciliation.

Borrower shall furnish to Agent, together with the quarterly (or, in the case of the last fiscal quarter of Borrower's fiscal year, annual) financial statements made available to Agent and Lenders pursuant to Section 6.1.1 and Section 6.1.2, as applicable, a report, in form acceptable to Agent in its sole discretion, reconciling the Aggregate Revenue and Diagnostic Product Revenue reported by Borrower to Agent pursuant to Section 2.9.3 hereof for the most recently ended Fiscal Quarter to the amount of the Aggregate Revenue and Diagnostic Product Revenue reported by Borrower for such Fiscal Quarter.

6.1.4 Compliance Certificate.

Contemporaneously with the furnishing of a copy of each annual audit report pursuant to Section 6.1.1 and each set of quarterly statements pursuant to Section 6.1.2, a duly completed Compliance Certificate, with appropriate insertions, dated the date of delivery and corresponding to such annual report or such quarterly statements, and signed by the chief financial officer (or other executive officer) of Borrower, containing a computation showing compliance with Section 7.13 and a statement to the effect that such officer has not become aware of any Event of Default or Default that exists or, if there is any such event, describing it and the steps, if any, being taken to cure it.

6.1.5 Reports to Governmental Authorities and Shareholders.

Promptly upon the filing or sending thereof, copies of (a) all material regular, periodic or special reports of any Loan Party filed with any Governmental Authority (excluding state tax returns and public filings with the SEC) and (b) all material registration statements (or such equivalent documents) of each Loan Party filed with any Governmental Authority.

6.1.6 Notice of Default; Litigation.

Promptly upon becoming aware of any of the following, written notice describing the same and the steps being taken by Borrower or the applicable Loan Party affected thereby with respect thereto:

(a) the occurrence of an Event of Default;

(b) any litigation, arbitration or governmental investigation or proceeding not previously disclosed by Borrower to Lenders which has been instituted or, to the knowledge of Borrower, is threatened in writing against Borrower or any other Loan Party or to which any of the properties thereof is subject, which in any case would reasonably be expected to have a Material Adverse Effect;

(c) any cancellation or material adverse change in any insurance maintained by Borrower or any other Loan Party;

(d) any other event (including (i) any violation of any law, including any Environmental Law, or the assertion of any Environmental Claim or (ii) the enactment or effectiveness of any law, rule or regulation) which would reasonably be expected to have a Material Adverse Effect; or

(e) to the extent that it would reasonably be expected to result in a Material Adverse Effect (i) any suspension, revocation, cancellation or withdrawal of an Authorization required for Borrower or any other Loan Party, is threatened or there is any basis for believing that such Authorization will not be renewable upon expiration or will be suspended, revoked, cancelled or withdrawn, (ii) Borrower or any other Loan Party enters into any consent decree or order pursuant to any Health Care Law, or becomes a party to any judgment, decree or judicial or administrative order pursuant to any Health Care Law, (iii) receipt of any written notice or other written communication from the FDA, CMS, or any other applicable Governmental Authority alleging non-compliance with CLIA or any other applicable Health Care Law, (iv) the occurrence of any violation of any Health Care Law by Borrower or any of the other Loan Parties in the development or provision of Services, and record keeping and reporting to the FDA or CMS that would reasonably be expected to require or lead to an investigation, corrective action or enforcement, regulatory or administrative action, (v) the occurrence of any civil or criminal proceedings relating to Borrower or any of the other Loan Parties or any of their respective employees, which involve a matter within or related to the FDA's or CMS' jurisdiction, (vi) if to the knowledge of Borrower or any of the Loan Parties, any of their respective officers, employees or agents is convicted of any crime or has engaged in any conduct for which debarment is mandated or permitted by 21 U.S.C. § 335a, or (vii) if to the knowledge of Borrower or any of the Loan Parties, any of their respective officers, employees or agents has been convicted of any crime or engaged in any conduct for which such Person could be excluded from participating in any federal, provincial, state or local health care programs under Section 1128 of the Social Security Act or any similar law or regulation.

6.1.7 Management Report.

Promptly upon receipt thereof, copies of all detailed financial and management reports submitted to Borrower or any other Loan Party by independent auditors in connection with each annual or interim audit made by such auditors of the books of Borrower or any other Loan Party.

6.1.8 Projections.

As soon as practicable, and in any event not later than thirty (30) days after the commencement of each Fiscal Year, financial projections on a quarterly basis of revenues and EBITDA for Borrower and the Subsidiaries for such Fiscal Year prepared in a manner consistent with the projections delivered by Borrower to Agent prior to the Closing Date or otherwise in a manner reasonably satisfactory to Agent, accompanied by a certificate of a chief financial officer (or other executive officer) of Borrower on behalf of Borrower to the effect that (a) such projections were prepared by them in good faith, (b) Borrower believes that it has a reasonable basis for the assumptions contained in such projections and (c) such projections have been prepared in accordance with such assumptions.

6.1.9 Updated Schedules to Guarantee and Collateral Agreement.

Contemporaneously with the furnishing of each annual audit report pursuant to Section 6.1.1, updated versions of the Schedules to the Guarantee and Collateral Agreement showing information as of the date of such audit report (it being agreed and understood that this requirement shall be in addition to the notice and delivery requirements set forth in the Guarantee and Collateral Agreement).

6.1.10 Other Information.

(a) Promptly, upon receipt by Borrower, copies of (i) all written communications sent or received by any Loan Party in relation to any alleged, potential or existing default or breach of a Material Contract and (ii) any other communications, reports or statements that could indicate a potential Material Adverse Effect shall be delivered to Agent

(b) Promptly from time to time, such other information concerning Borrower and any other Loan Party as Agent may reasonably request.

(c) Promptly, upon receipt by Borrower, copies of (i) any notices or other communications relating to any breach, default, or event of default with respect to the RedPath Promissory Note, and any other modifications or amendments entered into in relation to the RedPath Promissory Note shall be delivered to Agent and (ii) any notices or other communications relating to any breach, default, or event of default with respect to any Approved AR Loan Facility, and any other modifications or amendments entered into in relation to any Approved AR Loan Facility shall be delivered to Agent.

6.2 Books; Records; Inspections.

Keep, and cause each other Loan Party to keep, its books and records in accordance with sound business practices sufficient to allow the preparation of financial statements in accordance with GAAP; permit, and cause each other Loan Party to permit (at any reasonable time and with reasonable notice), Agent or any representative thereof to inspect the properties and operations of Borrower or any other Loan Party; and permit, and cause each other Loan Party to permit, at any reasonable time and with reasonable notice (or at any time without notice if an Event of Default exists), Agent (accompanied by any Lender) or any representative thereof to visit any or all of its offices, to discuss its financial matters with its officers and its independent auditors (and Borrower hereby authorizes such independent auditors to discuss such financial matters with any Lender or Agent or any representative thereof), and to examine (and, at the expense of Borrower or the applicable Loan Party, photocopy extracts from) any of its books or other records; and permit, and cause each other Loan Party to permit, (at any reasonable time and with reasonable notice) Agent and its representatives to inspect the Collateral and other tangible assets of Borrower or Loan Party, to inspect, audit, check and make copies of and extracts from the books, records, computer data, computer programs, journals, orders, receipts, correspondence and other data relating to any Collateral, provided that Borrower shall pay the costs of such inspections and audits no more than one (1) time per calendar year if no Default or Event of Default has occurred and is continuing.

6.3 Conduct of Business; Maintenance of Property; Insurance.

(a) Borrower shall, and shall cause each other Loan Party to, (i) conduct its business in accordance with its current business practices, (ii) engage principally in the same or similar lines of business substantially as heretofore conducted, (iii) collect the Royalties in the ordinary course of business, (iv) maintain all of its Collateral used or useful in its business in good repair, working order and condition (normal wear and tear excepted and except as may be disposed of in the ordinary course of business and in

accordance with the terms of the Loan Documents), (v) from time to time to make all necessary repairs, renewals and replacements to the Collateral; (vi) subject to Section 7.4(a), maintain and keep in full force and effect all material Permits and qualifications to do business and good standing in its jurisdiction of formation and each other jurisdiction in which the ownership or lease of property or the nature of its business makes such Permits or qualification necessary and in which failure to maintain such Permits or qualification would reasonably be expected to have a Material Adverse Effect; (vii) subject to Section 7.4(a) remain in good standing in all jurisdictions in which it is currently located, except where the failure to remain in good standing or maintain operations would not reasonably be expected to have a Material Adverse Effect, and (viii) maintain, comply with and keep in full force and effect all Intellectual Property and Permits necessary to conduct its business, except in each case where the failure to maintain, comply with or keep in full force and effect could not reasonably have a Material Adverse Effect.

(b) Borrower shall keep, and cause each other Loan Party to keep, all property necessary in the business of Borrower or each other Loan Party in good working order and condition, ordinary wear and tear excepted.

(c) Borrower shall maintain, and cause each other Loan Party to maintain, with responsible insurance companies, such insurance coverage as shall be required by all laws, governmental regulations and court decrees and orders applicable to it and such other insurance, to such extent and against such hazards and liabilities, as is customarily maintained by companies similarly situated; *provided* that in any event, such insurance shall, unless the Agent otherwise agrees, insure against all risks and liabilities of the type insured against as of the Closing Date and shall have insured amounts no less than, and deductibles no higher than, those amounts provided for as of the Closing Date. Upon request of Agent or any Lender, Borrower shall furnish to Agent or such Lender a certificate setting forth in reasonable detail the nature and extent of all insurance maintained by Borrower and each other Loan Party. Borrower shall cause each issuer of an insurance policy to provide Agent with an endorsement(i) showing Agent as a loss payee with respect to each policy of property or casualty insurance and naming Agent as an additional insured with respect to each policy of liability insurance, (ii) providing that the insurance carrier will endeavor to give at least thirty (30) days' prior written notice to Borrower and Agent (or ten (10) days' prior written notice if the Agent consents to such shorter notice) before the termination or cancellation of the policy prior to the expiration thereof and (iii) reasonably acceptable in all other respects to Agent. Borrower shall execute and deliver, and cause each other applicable Loan Party to execute and deliver, to Agent a collateral assignment, in form and substance reasonably satisfactory to Agent, of each business interruption insurance policy maintained by the Loan Parties.

(d) Unless Borrower provides Agent with evidence of the continuing insurance coverage required by this Agreement, Agent (upon reasonable advance notice to Borrower) may purchase insurance at Borrower's expense to protect Agent's and Lenders' interests in the Collateral. This insurance shall protect Borrower's and each other Loan Party's interests. The coverage that Agent purchases shall pay any claim that is made against Borrower or any other Loan Party in connection with the Collateral. Borrower may later cancel any insurance purchased by Agent, but only after providing Agent with evidence that Borrower has obtained the insurance coverage required by this Agreement. If Agent purchases insurance for the Collateral, as set forth above, Borrower will be responsible for the reasonable costs of that insurance, including interest and any other charges that may be imposed with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance, and such costs of the insurance may be added to the principal amount of the Loans owing hereunder.

6.4 Compliance with Laws; Payment of Taxes and Liabilities.

(a) Comply, and cause each other Loan Party to comply, in all material respects

with all applicable laws, rules, regulations, decrees, orders, judgments, licenses and permits, except where failure to comply would not reasonably be expected to have a Material Adverse Effect; (b) without limiting clause (a) above, ensure, and cause each other Loan Party to ensure, that no person who Controls a Loan Party is (i) listed on the Specially Designated Nationals and Blocked Person List maintained by OFAC, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation or (ii) a Person designated under Section 1(b), (c) or (d) or Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any other similar Executive Orders; (c) without limiting clause (a) above, comply and cause each other Loan Party to comply, with all applicable Bank Secrecy Act and anti-money laundering laws and regulations and (d) pay, and cause each other Loan Party to pay, prior to delinquency, all federal and other taxes and other material governmental charges against it or any of its property, as well as material claims of any kind which, if unpaid, could become a Lien (other than a Permitted Lien) on any of its property; *provided* that the foregoing shall not require Borrower or any other Loan Party to pay any such tax, charge or claim so long as it shall contest the validity thereof in good faith by appropriate proceedings and shall set aside on its books adequate reserves with respect thereto in accordance with GAAP. For purposes of this Section 6.4, "Control" shall mean, when used with respect to any Person, *(x)* the direct or indirect beneficial ownership of fifty-one percent (51%) or more of the outstanding Equity Interests of such Person or *(y)* the power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

6.5 Maintenance of Existence.

Subject to Section 7.4(a), maintain and preserve, and (subject to Section 7.4) cause each other Loan Party to maintain and preserve, (a) its existence and good standing in the jurisdiction of its organization and (b) its qualification to do business and good standing in each jurisdiction where the nature of its business makes such qualification necessary, other than any such jurisdiction where the failure to be qualified or in good standing would not reasonably be expected to have a Material Adverse Effect.

6.6 Employee Benefit Plans.

Except to the extent that failure to do so would not be reasonably expected to result in (a) a Material Adverse Effect or (b) liability in excess of $100,000 of any Loan Party, maintain, and cause each other Loan Party to maintain, each Pension Plan (if any) in substantial compliance with all applicable requirements of law and regulations.

6.7 Environmental Matters.

Except to the extent the failure to do so would not be reasonably expected to result in a Material Adverse Effect, if any release or disposal of Hazardous Substances shall occur or shall have occurred on any real property or any other assets of Borrower or any other Loan Party, cause, or direct the applicable Loan Party to cause, the prompt containment and removal of such Hazardous Substances and the remediation of such real property or other assets as is necessary to comply in all material respects with all Environmental Laws and to preserve the value of such real property or other assets. Without limiting the generality of the foregoing, except to the extent the failure to do so would not be reasonably expected to result in a Material Adverse Effect, Borrower shall, and shall cause each other Loan Party to, comply with each valid Federal or state judicial or administrative order requiring the performance at any real property by Borrower or any other Loan Party of activities in response to the release or threatened release of a Hazardous Substance.

6.8 Further Assurances.

Take, and cause each other Loan Party to take, such actions as are necessary or as Agent or

the Required Lenders may reasonably request from time to time to ensure that the Obligations of Borrower and each other Loan Party under the Loan Documents are secured by a perfected Lien in favor of Agent (subject only to the Permitted Liens) on substantially all of the assets of Borrower and each Subsidiary of Borrower (as well as all equity interests of each Subsidiary of Borrower) and guaranteed by all of the Subsidiaries of Borrower (including, promptly upon the acquisition or creation thereof, any Subsidiary of Borrower acquired or created after the Closing Date), in each case including (a) the execution and delivery of guaranties, security agreements, pledge agreements, mortgages, deeds of trust, financing statements and other documents, and the filing or recording of any of the foregoing and (b) the delivery of certificated securities (if any) and other Collateral with respect to which perfection is obtained by possession but excluding (a) the requirement for the Loan Parties to execute and deliver leasehold mortgages, and (b) any other Excluded Collateral as defined in the Guarantee and Collateral Agreement; *provided,* however, that the Immaterial Subsidiaries shall not be subject to the terms of this Section 6.8 at any time prior to January __, 2015; *provided, further* that, if any of them are still in existence on January __, 2015, they shall be subject to the terms of this Section 6.8, and Borrower shall comply, and force each such Immaterial Subsidiary still in existence on such date to comply with the applicable provisions of the Post-Closing Agreement.

6.9 Compliance with Health Care Laws.

(a) Without limiting or qualifying Section 6.4 or any other provision of this Agreement, Borrower will comply, and will cause each other Loan Party and each Subsidiary of Borrower to comply, in all material respects with all applicable Health Care Laws relating to the operation of such Person's business, except where failure to comply would not reasonably be expected to have a Material Adverse Effect.

(b) Borrower will, and will cause each other Loan Party and each Subsidiary to:

(i) Keep in full force and effect all material Authorizations required to operate such Person's business under applicable Health Care Laws and maintain any other qualifications necessary to conduct, arrange for, administer, provide services in connection with or receive payment for, all applicable Services, except to the extent such failure to keep in full force and effect or maintain would not reasonably be expected to have a Material Adverse Effect.

(ii) Promptly furnish or cause to be furnished to the Agent, with respect to matters that could reasonably be expected to have a Material Adverse Effect, (i) copies of all material reports of investigational/inspectional observations issued to and received by the Loan Parties or any of their Subsidiaries, and issued by any Governmental Authority relating to such Person's business, (ii) copies of all material establishment investigation/inspection reports (including, but not limited to, FDA Form 483's) issued to and received by Loan Parties or any of their Subsidiaries and issued by any Governmental Authority, and (iii) copies of all material warnings and material untitled letters as well as other material documents received by Loan Parties or any of their Subsidiaries from the FDA, CMS, DEA, or any other Governmental Authority relating to or arising out of the conduct applicable to the business of the Loan Parties or any of their Subsidiaries that asserts past or ongoing lack of compliance with any Health Care Law or any other applicable foreign, federal, state or local law or regulation of similar import and (iv) notice of any material investigation or material audit or similar proceeding by the FDA, DEA, CMS, or any other Governmental Authority.

(iii) Promptly furnish or cause to be furnished to the Agent, with respect to matters that would reasonably be expected to have a Material Adverse Effect, (in such form as may be reasonably required by Agent) copies of all material non-privileged reports, correspondence, pleadings and

other communications relating to the threatened loss or actual loss, revocation or suspension of any material Authorization; *provided* that any internal reports to a Person's compliance "hot line" which are promptly investigated and determined to be without merit need not be reported.

(iv) Promptly furnish or cause to be furnished to the Agent notice of all material fines or penalties imposed by any Governmental Authority under any Health Care Law against any Loan Party or any of its Subsidiaries.

(v) Promptly furnish or cause to be furnished to the Agent notice of all material allegations by any Governmental Authority (or any agent thereof) of fraudulent activities of any Loan Party or any of its Subsidiaries in relation to the provision of clinical research or related services.

Notwithstanding anything to the contrary in any Loan Document, no Loan Party or any of its Subsidiaries shall be required to furnish to Agent or any Lender patient-related information (including, but not limited to, personally identifiable information and protected health information) or other information, the disclosure of which to Agent or such Lender is prohibited by any applicable law.

6.10 Cure of Violations.

If there shall occur any breach of Section 6.9, Borrower shall take such commercially reasonable action as is necessary to validly challenge or otherwise appropriately respond to such fact, event or circumstance within any timeframe required by applicable Health Care Laws, and shall thereafter diligently pursue the same.

6.11 Corporate Compliance Program.

Maintain, and will cause each other Loan Party to maintain on its behalf, a corporate compliance program reasonably acceptable to Agent. Until the Obligations have been Paid in Full, Borrower will modify such corporate compliance program from time to time (and cause the other Loan Parties and Subsidiaries to modify their respective corporate compliance programs) as may be reasonable to attempt to ensure continuing compliance in all material respects with all material applicable laws, ordinances, rules, regulations and requirements (including, in all applicable material respects, any material Health Care Laws). Borrower will permit Agent and/or any of its outside consultants to review such corporate compliance programs from time to time upon reasonable notice and during normal business hours of Borrower.

6.12 [Reserved].

7. Negative Covenants.

Until all Obligations have been Paid in Full, Borrower agrees that, unless at any time Agent shall otherwise expressly consent in writing, in its sole discretion, it will:

7.1 Debt.

Not, and not permit any other Loan Party to, create, incur, assume or suffer to exist any Debt, except:

(a) Obligations under this Agreement and the other Loan Documents;

(b) Debt under the RedPath Promissory Note in a principal amount not to exceed $11,000,000; such Indebtedness to be subordinated pursuant the RedPath Subordination Agreement;

(c) Debt secured by Liens permitted by Section 7.2(b), Section 7.2(d), Section 7.2(e) or Section 7.2(o) and extensions, renewals and re-financings thereof; *provided* that the aggregate amount of all such Debt permitted under Section 7.2(d) at any time outstanding shall not exceed $100,000;

(d) Debt with respect to any Hedging Obligations incurred for bona fide hedging purposes and not for speculation;

(e) Debt (i) arising from customary agreements for indemnification related to sales of goods, licensing of intellectual property or adjustment of purchase price or similar obligations in any case incurred in connection with the acquisition or disposition of any business, assets or Subsidiary of Borrower otherwise permitted hereunder, (ii) representing deferred compensation to employees of any Loan Party incurred in the ordinary course of business, and (iii) representing customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(f) Debt with respect to cash management obligations and other Debt in respect of automatic clearing house arrangements, netting services, overdraft protection and similar arrangements, in each case incurred in the ordinary course of business;

(g) Debt incurred in connection with surety bonds, performance bonds or letters of credit for worker's compensation, unemployment compensation and other types of social security and otherwise in the ordinary course of business or referred to in Section 7.2(e);

(h) Debt described on Schedule 7.1 as of the Closing Date, and any extension, renewal or refinancing (including with a different lender) thereof so long as the principal amount thereof is not increased;

(i) unsecured Debt (which for further clarity shall exclude accounts payable and other current liabilities incurred by Loan Parties in the ordinary course of business), in addition to the Debt listed above, in an aggregate outstanding amount not at any time exceeding $100,000;

(j) Debt incurred pursuant to an Approved AR Loan Facility not to exceed $15,000,000 in the aggregate principal amount outstanding at any time and otherwise subject to an intercreditor agreement acceptable to Agent in its sole discretion;

(k) Reimbursement obligations to TD Bank not exceeding $2,000,000 secured by Liens permitted under Section 7.2(c);

(l) Guaranty, dated as of August 13, 2014, by PDI, Inc. in favor of Asuragen, Inc.; and

(m) Debt from a Loan Party to a Loan Party;

(n) Obligations to make payments under the RedPath Settlement Agreement;

(o) Accrued and unpaid employee performance bonuses incurred in the ordinary course of business;

(p) Overdue rental payments owed by RedPath to Spring Way Center, LLC for the leased property on the 3rd and 4th floors at 2515 Liberty Avenue, City of Pittsburgh, County of Allegheny,

Commonwealth of Pennsylvania in an amount not to exceed $150,000; and

(q) That certain Guaranty by Interpace Diagnostic Corporation to RedPath Equityholder guarantying the obligations of Borrower and Interpace Diagnostics, LLC under the Contingent Consideration Agreement entered into in connection with the RedPath Merger Agreement and the RedPath Promissory Note.

7.2 Liens.

Not, and not permit any other Loan Party to, create or permit to exist any Lien on any of its real or personal properties, assets or rights of whatsoever nature (whether now owned or hereafter acquired), except:

(a) Liens for taxes or other governmental charges not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and, in each case, for which it maintains adequate reserves in accordance with GAAP;

(b) Liens arising in the ordinary course of business (including without limitation (i) Liens of carriers, warehousemen, mechanics, landlords and materialmen and other similar Liens imposed by law and (ii) Liens incurred in connection with worker's compensation, unemployment compensation and other types of social security (excluding Liens arising under ERISA that secure an amount in excess of $250,000) or in connection with surety bonds, bids, tenders, performance bonds, trade contracts not for borrowed money, licenses, statutory obligations and similar obligations) for sums not overdue or being diligently contested in good faith by appropriate proceedings and not involving any deposits or advances or borrowed money or the deferred purchase price of property or services and, in each case, for which it maintains adequate reserves in accordance with GAAP and with respect to which no execution or other enforcement of which is effectively stayed;

(c) Liens described on Schedule 7.2 as of the Closing Date (other than Liens being released at the closing under this Agreement); the replacement, extension or renewal of any such Liens upon or in the same property subject thereto arising out of the extension, renewal or replacement of the Debt secured thereby (without increase in the amount thereof);

(d) subject to the limitation set forth in Section 7.1(c), (i) Liens arising in connection with Capital Leases (and attaching only to the property being leased), (ii) Liens on any property securing debt incurred for the purpose of financing all or any part of the cost of acquiring or improving such property; *provided* that any such Lien attaches to such property within ninety (90) days of the acquisition or improvement thereof and attaches solely to the property so acquired or improved, and (iii) the replacement, extension or renewal of a Lien permitted by one of the foregoing clauses (i) or (ii) in the same property subject thereto arising out of the extension, renewal or replacement of the Debt secured thereby (without increase in the amount thereof);

(e) Liens relating to litigation bonds and attachments, appeal bonds, judgments and other similar Liens arising in connection with any judgment or award that is not an Event of Default hereunder;

(f) easements, rights of way, restrictions (including zoning restrictions), covenants, licenses, encroachments, protrusions, servitudes, minor defects or irregularities in title and other similar Liens not interfering in any material respect with the ordinary conduct of the business of Borrower or any Subsidiary;

(g) Liens arising under the Loan Documents;

(h) [Reserved];

(i) any interest or title of a licensor, sublicensor, lessor or sublessor under any license, lease, sublicense or sublease agreement to the extent limited to the item licensed or leased;

(j) (i) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection and (ii) customary set off rights of deposit banks with respect to deposit accounts maintained at such deposit banks or which are contained in standard agreements for the opening of an account with a bank;

(k) Liens arising from precautionary filings of financing statements under the Uniform Commercial Code or similar legislation of any applicable jurisdiction in respect of operating leases permitted hereunder and entered into by a Loan Party in the ordinary course of business;

(l) Liens attaching to cash earnest money deposits in connection with any letter of intent or purchase agreement permitted hereunder or indemnification other post-closing escrows or holdbacks;

(m) Liens incurred with respect to Hedging Obligations incurred for bona fide hedging purposes and not for speculation;

(n) Liens to secure obligations of a Loan Party to another Loan Party;

(o) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods in the ordinary course of business;

(p) Liens securing the Debt incurred pursuant to an Approved AR Loan Facility and subject to an intercreditor agreement acceptable to Agent in its sole discretion; and

(q) Liens encumbering the fee interest of any real property leased by a Loan Party.

7.3 Dividends; Redemption of Equity Interests.

Not (a) declare, pay or make any dividend or distribution on any Equity Interests or other securities or ownership interests (provided, that Subsidiaries may make dividends and distributions to Subsidiaries and to Borrower), (b) apply any of its funds, property or assets to the acquisition, redemption or other retirement of any Equity Interests or other securities or interests or of any options to purchase or acquire any of the foregoing (except for the settlement of such portion of options or other Equity Interests granted to service providers of any Loan Party to satisfy any applicable taxes arising through the grant, vesting, and/or exercise of such options or other Equity Interests), (c) otherwise make any payments, dividends or distributions to any member, manager, managing member, stockholder, director or other equity owner in such Person's capacity as such other than in compliance with Section 7.7 hereof, or (d) make any payment of any management, service or related or similar fee to any Affiliate or holder of Equity Interests of Borrower other than in compliance with Section 7.7 hereof.

7.4 Mergers; Consolidations; Asset Sales.

(a) Not be a party to any amalgamation or any other form of merger or

consolidation, unless agreed to by Agent in its reasonable discretion, nor permit any other Loan Party to be a party to any amalgamation or any other form of merger or consolidation, unless agreed to by Agent in its reasonable discretion; except (i) for the RedPath Acquisition; (ii) for transactions in connection with the exercise of the option permitted under Section 7.10(n), and (iii) that Borrower may, and may permit any Immaterial Subsidiary to, terminate, dissolve or wind up, including through merger or consolidation.

(b) Not, and not permit any other Loan Party to, sell, transfer, dispose of, convey or lease any of its equity interests, or sell or assign with or without recourse any receivables, except for (i) sales of inventory in the ordinary course of business for at least fair market value, (ii) transfers, destruction or other disposition of inventory or obsolete or worn-out assets in the ordinary course of business and any other sales and dispositions of assets (excluding (A) any equity interests of Borrower or any Subsidiary or (B) sales of inventory described in clause (i) above) for at least fair market value (as determined by the Board of Directors of Borrower) so long as the net book value of all assets sold or otherwise disposed of in any Fiscal Year does not exceed $1,000,000 with respect to sales and dispositions made pursuant to this clause (ii), (iii) sales and dispositions among Loan Parties, (iv) leases, licenses, subleases and sublicenses entered into in the ordinary course of business, (v) sales and exchanges of Cash Equivalent Investments to the extent otherwise permitted hereunder, (vi) Liens expressly permitted under Section 7.2 and transactions expressly permitted by Section 7.4(a) or 7.10, (vii) sales or issuances of equity interests by Borrower, (viii) issuances of equity interests by any Loan Party to any other Loan Party, (ix) dispositions in the ordinary course of business consisting of the abandonment of intellectual property rights which, in the reasonable good faith determination of Borrower, are not material to the conduct of the business of the Loan Parties, *(x)* a cancellation of any intercompany Debt among the Loan Parties, (xi) a disposition which constitutes an insured event or pursuant to a condemnation, "eminent domain" or similar proceeding, (xiii) exchanges of existing equipment for new equipment that is substantially similar to the equipment being exchanged and that has a value equal to or greater than the equipment being exchanged and (xiv) sales, forgiveness or discounting, on a non-recourse basis and in the ordinary course of business, of past due accounts in connection with the collection or compromise thereof or the settlement of delinquent accounts or in connection with the bankruptcy or reorganization of suppliers or customers.

(c) Irrespective of any provision in this Agreement or the Guarantee and Collateral Agreement, the prior consent of Agent shall not be required in connection with the licensing or sublicensing of Intellectual Property pursuant to collaborations, licenses or other strategic transactions with third parties executed in the normal course of Borrower's business.

7.5 Modification of Organizational Documents.

Not permit the charter, by-laws or other organizational documents of Borrower or any other Loan Party to be amended or modified in any way which would reasonably be expected to materially and adversely affect the interests of Agent or any Lender. An amendment to Borrower's certificate of incorporation to increase Borrower's authorized capital stock shall not be deemed to adversely affect the interests of Agent or any Lender.

7.6 Use of Proceeds.

Use the proceeds of the Loans, solely for paying off the Prior Debt, working capital, for capital expenditures, for fees and expenses related to the negotiation, execution, delivery and closing of this Agreement and the other Loan Documents and the transactions contemplated hereby and thereby and for other general business purposes of Borrower and its Subsidiaries, and not use any proceeds of any Loan or permit any proceeds of any Loan to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying" any Margin Stock.

7.7 Transactions with Affiliates.

Not, and not permit any other Loan Party to, enter into, or cause, suffer or permit to exist any transaction, arrangement or contract with any of its other Affiliates, which is on terms which are less favorable than are obtainable from any Person which is not one of its Affiliates, other than (i) reasonable compensation and indemnities to, benefits for, reimbursement of expenses of, and employment arrangements with, officers, employees and directors in the ordinary course of business, (ii) transactions among Loan Parties and (iii) transactions pursuant to agreements in existence on the Closing Date and set forth on Schedule 7.7.

7.8 Inconsistent Agreements.

Not, and not permit any other Loan Party to, enter into any agreement containing any provision which would (a) be violated or breached by any borrowing by Borrower hereunder or by the performance by Borrower or any other Loan Party of any of its Obligations hereunder or under any other Loan Document, (b) prohibit Borrower or any other Loan Party from granting to Agent and Lenders a Lien on any of its assets or (c) create or permit to exist or become effective any encumbrance or restriction on the ability of any other Loan Party to (i) pay dividends or make other distributions to Borrower or any other Subsidiary, or pay any Debt owed to Borrower or any other Subsidiary, (ii) make loans or advances to Borrower or any other Loan Party or (iii) transfer any of its assets or properties to Borrower or any other Loan Party, other than, in the cases of clauses (b) and (c), (A) restrictions or conditions imposed by any agreement relating to purchase money Debt, Capital Leases and other secured Debt or to leases and licenses permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Debt or the property leased or licensed, (B) customary provisions in leases and other contracts restricting the assignment thereof, (C) restrictions and conditions imposed by law, (D) those arising under any Loan Document and (E) customary provisions in contracts for the disposition of any assets; *provided* that the restrictions in any such contract shall apply only to the assets or Subsidiary that is to be disposed of and such disposition is permitted hereunder.

7.9 Business Activities; Equity Interests.

Not, and not permit any other Loan Party to, engage in any line of business other than the businesses engaged in on the Closing Date and businesses reasonably related thereto. Not, and not permit any other Loan Party to, issue any equity interest other than (a) Equity Interests of Borrower that do not require any cash dividends or other cash distributions to be made prior to the Obligations being Paid in Full, (b) any issuance by a Subsidiary to Borrower or another Subsidiary in accordance with Section 7.3 or Section 7.10, or (c) any issuance of directors' qualifying shares as required by applicable law.

7.10 Investments.

Not, and not permit any other Loan Party to, make or permit to exist any Investment in any other Person, except the following:

(a) contributions by Borrower to the capital of any Wholly-Owned Subsidiary of Borrower, so long as the recipient of any such contribution has guaranteed the Obligations and such guaranty is secured by a pledge of all of its equity interests and substantially all of its real and personal property, in each case in accordance with Section 6.8;

(b) Cash Equivalent Investments;

(c) bank deposits in the ordinary course of business;

(d) Investments listed on Schedule 7.10 as of the Closing Date, together with any roll-over or reinvestment of such Investment(s);

(e) any purchase or other acquisition by Borrower or any Wholly-Owned Subsidiary of Borrower of the assets or equity interests of any Subsidiary of Borrower;

(f) transactions among Loan Parties permitted by Section 7.4;

(g) Hedging Obligations permitted under Section 7.1(c);

(h) (i) advances given to employees and directors in the ordinary course of business and (ii) other emergency or special circumstance advances given to employees not to exceed in the case of clauses (i) and (ii) taken together $100,000 in the aggregate outstanding at any time;

(i) lease, utility and other similar deposits made in the ordinary course of business and trade credit extended in the ordinary course of business;

(j) Investments consisting of the non-cash portion of the consideration received in respect of Dispositions permitted hereunder;

(k) Investments resulting from or otherwise constituting Acquisitions not to exceed $2,000,000 in the aggregate during any calendar year of the term of this Loan; *provided* that for purposes of calculating such aggregate annual Investments during any calendar year, such calculation shall exclude (i) any payments made by or on behalf of Borrower based solely on actual sales, revenues or other income-related metrics, such as royalties, milestones or earn-outs or capital expenditures, (ii) any payments to be made in relation to such Investment after the Term Loan Maturity Date and (iii) any payments made during such calendar year in relation to Products in existence as of the Closing Date and/or Investments made by Borrower prior to the Closing Date;

(l) Investments permitted by Borrower or any Loan Party as a result of the receipt of insurance and/or condemnation proceeds in accordance with the Loan Documents;

(m) Investments (i) received as a result of the bankruptcy or reorganization of any Person or taken in settlement of or other resolution of claims or disputes or (ii) in securities of customers and suppliers received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and bona fide disputes with, customers and suppliers, and, in each case, extensions, modifications and renewals thereof;

(n) any exercise of Borrower's option to purchase Equity Interests in a certain privately held molecular diagnostics company, so long as (i) no Default or Event of Default exists on the date thereof or would be caused thereby, (ii) Borrower is in pro-forma compliance on the date thereof with Section 7.13 hereof and (ii) such option is exercised pursuant to a Stock Purchase Agreement substantially in the form attached hereto as Exhibit D;

(o) the RedPath Acquisition; and

(p) Debt from a Loan Party to a Loan Party.

7.11 Restriction of Amendments to Certain Documents

Not, nor permit any Loan Party to, (a) amend or otherwise modify, or waive any rights under,

any provisions of the documents governing (i) the RedPath Promissory Note or (ii) any Approved AR Loan Facility (except that the terms of the such Approved AR Loan Facility may be amended, modified or otherwise waived to the extent permitted under the intercreditor agreement entered into by and between Agent and the lender(s) under such Approved AR Loan Facility in accordance with Section 10.21 hereof) or (b) amend or otherwise modify in any material manner, or waive any material rights under, any provisions of any of the Material Contracts (or any replacements thereof) set forth on Schedule 7.11 hereto (as such schedule may be updated by Agent from time to time to include any material contracts, licenses, agreements or similar arrangements to those described on such Schedule as of the Closing Date that are entered into by a Loan Party from time to time after the Closing Date) without giving prior notice to Agent (provided however that if an Event of Default has occurred and is continuing hereunder, then Agent's consent (which shall not be unreasonably withheld, delayed or conditioned) is required for any such amendment, modification or waiver).

7.12 Fiscal Year.

Not change its Fiscal Year.

7.13 Financial Covenants.

7.13.1 Consolidated Unencumbered Liquid Assets.

Not permit the Consolidated Unencumbered Liquid Assets on the last day of any Fiscal Quarter to be less than $1,500,000.

7.13.2 Minimum Aggregate Revenue.

Not permit the Aggregate Revenue for the twelve (12) consecutive month period ending on the last Business Day of any Fiscal Quarter (designated by "Q" in the table below) to be less than the applicable amount set forth in the table below for such period.

Minimum LTM Aggregate Revenue (in millions of Dollars) as of the end of:									
Q4 2014	Q1 2015	Q1 2015	Q3 2015	Q1 2015	Q4 2016	Q1 2016	Q1 2016	Q1 2016	Q1 2017 and each Fiscal Quarter thereafter
$105	$110	$150	$120	$125	$130	$135	$140	$145	$150

7.13.3 Minimum Diagnostic Product Revenue.

Not permit the aggregate Diagnostic Product Revenue for the twelve (12) consecutive month period ending on the last Business Day of each Fiscal Quarter beginning with the Fiscal Quarter ending September 30, 2016 to be less than $25,000,000.

7.14 Deposit Accounts.

Not, and not permit any other Loan Party, to maintain or establish any new Deposit Accounts other than (a) the Deposit Accounts set forth on Schedule 7.14 (which Deposit Accounts constitute all of the Deposit Accounts, securities accounts or other similar accounts maintained by the Loan Parties as of the Closing Date) without prior written notice to Agent and unless Agent, Borrower or such other applicable

Loan Party and the bank or other financial institution at which the account is to be opened after the Closing Date enter into a tri-party deposit account control agreement, in form and substance reasonably satisfactory to Agent, regarding such Deposit Account pursuant to which each of such bank and the applicable Loan Party acknowledges the security interest and control of Agent in such account and agrees to limit its set-off rights with respect thereto, and (b) Exempt Accounts.

7.15 Subsidiaries.

Not, and not permit any other Loan Party to, in each case without the prior written consent of Agent in its sole discretion, establish or acquire any Subsidiary unless (i) no Default or Event of Default has occurred and is continuing or would result therefrom, (ii) such Subsidiary shall have assumed and joined each Loan Document as a Loan Party pursuant to documentation acceptable to Agent in its sole discretion within five (5) Business Days of the completion of such transaction or formation and (iii) all other Loan Parties shall have reaffirmed all Obligations as well as all representations and warranties under the Loan Documents (except to the extent such representations and warranties specifically relate to a prior date only).

7.16 Regulatory Matters.

To the extent that any of the following would reasonably be expected to result in a Material Adverse Effect, not, and not permit any other Loan Party to, (i) make, and use commercially reasonable efforts to not permit any officer, employee or agent of any Loan Party to make, any untrue statement of material fact or fraudulent statement to any Governmental Authority; fail to disclose a material fact required to be disclosed to any Governmental Authority; or commit a material act, make a material statement, or fail to make a statement in breach of CLIA or that could otherwise reasonably be expected to provide the basis for CMS or any Governmental Authority to undertake action against such Loan Party for such failure, (ii) conduct any clinical studies in the United States or sponsor the conduct of any clinical research in the United States, (iii) introduce into commercial distribution any FDA Products which are, upon their shipment, adulterated or misbranded in violation of 21 U.S.C. § 331, (iv) make, and use commercially reasonable efforts to not permit any officer, employee or agent of any Loan Party to make, any untrue statement of material fact or fraudulent statement to the FDA or any other Governmental Authority; fail to disclose a material fact required to be disclosed to the FDA or any other Governmental Authority; or commit a material act, make a material statement, or fail to make a statement in breach of the FD&C Act or that could otherwise reasonably be expected to provide the basis for the FDA or any other Governmental Authority to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities," as set forth in 56 Fed. Reg. 46191 (September 10, 1991), or (v) otherwise incur any material liability (whether actual or contingent) for failure to comply with Health Care Laws.

7.17 Name; Permits; Dissolution; Insurance Policies; Disposition of Collateral; Taxes; Trade Names.

Borrower shall not (a) change its jurisdiction of organization or change its corporate name without thirty (30) calendar days prior written notice to Agent, (b) amend, alter, suspend, terminate or make provisional in any material way, any Permit, the suspension, amendment, alteration or termination of which would reasonably be expected have a Material Adverse Effect without the prior written consent of Agent, which consent shall not be unreasonably withheld, delayed or conditioned, (c) wind up, liquidate or dissolve (voluntarily or involuntarily) or commence or suffer any proceedings seeking or that would result in any of the foregoing, (d) amend, modify, restate or change any insurance policy in a manner adverse to Agent or Lenders, (e) engage, directly or indirectly, in any business other than as set forth herein or lines of business reasonably related thereto, (f) change its federal tax employer identification number or similar tax identification number under the relevant jurisdiction or establish new or additional trade names without

providing not less than thirty (30) days advance written notice to Agent, or (g) revoke, alter or amend any Tax Information Authorization (on IRS Form 8821 or otherwise) or other similar authorization mandated by the relevant Government Authority given to any Lender without providing not less than thirty (30) days advance written notice to Agent.

7.18 Truth of Statements.

Borrower shall not knowingly furnish to Agent or any Lender any certificate or other document that contains any untrue statement of a material fact or that omits to state a material fact necessary to make it not misleading in light of the circumstances under which it was furnished.

8. Events of Default; Remedies.

8.1 Events of Default.

Each of the following shall constitute an Event of Default under this Agreement:

8.1.1 Non-Payment of Credit.

Default in the payment when due of the principal of any Loan; or default, and continuance thereof for five Business Days, in the payment when due of any interest, fee, or other amount payable by any Loan Party hereunder or under any other Loan Document. For the avoidance of doubt, the underpayment of any Revenue-Based Payment or any Synthetic Royalty Payment shall not constitute the failure to make any payment for purposes of this Section 8.1.1 but instead shall be governed solely by Section 8.1.4.

8.1.2 Default Under Other Debt.

Any default shall occur under the terms applicable to any Debt of any Loan Party (excluding the Obligations) in an aggregate principal amount (for all such Debt so affected and including undrawn committed or available amounts and amounts owing to all creditors under any combined or syndicated credit arrangement) exceeding $500,000 and such default shall (a) consist of the failure to pay such Debt when due (after giving effect to applicable grace periods), whether by acceleration or otherwise, or (b) accelerate the maturity of such Debt or permit the holder or holders thereof, or any trustee or agent for such holder or holders, to cause such Debt to become due and payable (or require Borrower or any other Loan Party to purchase or redeem such Debt or post cash collateral in respect thereof) prior to its expressed maturity.

8.1.3 Bankruptcy; Insolvency.

(a) Any Loan Party shall (i) be unable to pay its debts generally as they become due, (ii) file an assignment or have filed against it a petition under any insolvency statute, (iii) make a general assignment for the benefit of its creditors, (iv) commence a proceeding for the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or any substantial part of its property or shall otherwise be dissolved or liquidated, or (v) make an application or commence a proceeding seeking reorganization or liquidation or similar relief under any Debtor Relief Law or any other applicable law; or

(b) (i) a court of competent jurisdiction shall (A) enter an order, judgment or decree appointing a custodian, receiver, trustee, liquidator or conservator of any Loan Party or the whole or any substantial part of any of Loan Party's properties, which shall continue unstayed and in effect for a period of sixty (60) calendar days, (B) approve a petition or claim filed against any Loan Party seeking reorganization,

liquidation or similar relief under the any Debtor Relief Law or any other applicable law, which is not dismissed within sixty (60) calendar days or, (C) under the provisions of any Debtor Relief Law or other applicable law or statute, assume custody or control of any Loan Party or of the whole or any substantial part of any of Loan Party's properties, which is not irrevocably relinquished within sixty (60) calendar days, or (ii) there is commenced against any Loan Party any proceeding or petition seeking reorganization, liquidation or similar relief under any Debtor Relief Law or any other applicable law or statute, which (A) is not unconditionally dismissed within sixty (60) calendar days after the date of commencement, or (B) is with respect to which Borrower takes any action to indicate its approval of or consent.

8.1.4 Non-Compliance with Loan Documents.

(a) Failure by Borrower to comply with or to perform any covenant set forth in Section 7; (b) failure by any Loan Party to comply with or to perform any other provision of this Agreement or any other Loan Document applicable to it (and not constituting an Event of Default under any other provision of this Section 8) and continuance of such failure described in this clause (b) for thirty (30) days after the earlier of any Loan Party becoming aware of such failure or notice thereof to Borrower from Agent or any Lender; or (c) failure by Borrower to pay the amount of any Revenue-Based Payment or Synthetic Royalty Payment set forth in a report delivered pursuant to Section 2.9.3 within five (5) days of the applicable Payment Date or, if there is any dispute as to the amount of any Revenue-Based Payment and/or Synthetic Royalty Payment required to be paid with respect to any Fiscal Quarter, failure by Borrower, upon final resolution of such dispute (by agreement or non-appealable judgment of a New York Court) to pay within fifteen (15) days after such final resolution the amount of any such Revenue-Based Payment or Synthetic Royalty Payment determined to be payable by it and not previously paid.

8.1.5 Representations; Warranties.

Any representation or warranty made by any Loan Party herein or any other Loan Document is false or misleading in any material respect when made, or any schedule, certificate, financial statement, report, notice or other writing furnished by any Loan Party to Agent or any Lender in connection herewith is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

8.1.6 Pension Plans.

(a) Institution of any steps by any Person to terminate a Pension Plan if as a result of such termination any Loan Party or any member of the Controlled Group could be required to make a contribution to such Pension Plan, or could incur a liability or obligation to such Pension Plan, in excess of $500,000; (b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA securing obligations in excess of $500,000; or (c) there shall occur any withdrawal or partial withdrawal from a Multiemployer Pension Plan and the withdrawal liability (without un-accrued interest) to Multiemployer Pension Plans as a result of such withdrawal (including any outstanding withdrawal liability that Borrower or any other Loan Party or any member of the Controlled Group have incurred on the date of such withdrawal) exceeds $500,000.

8.1.7 Judgments.

Final judgments which exceed an aggregate of $500,000 (to the extent not adequately covered by insurance as to which the insurance company has not disclaimed liability) shall be rendered against any Loan Party and shall not have been paid, discharged or vacated or had execution thereof stayed pending appeal within sixty (60) calendar days after entry or filing of such judgments.

8.1.8 Invalidity of Loan Documents or Liens.

(a) Any Loan Document shall cease to be in full force and effect otherwise in accordance with its express terms that results in a material diminution of the rights and remedies afforded to Agent and/or Lenders or any other secured parties thereunder ; (b) any Loan Party (or any Person by, through or on behalf of any Loan Party) shall contest in any manner the validity, binding nature or enforceability of any Loan Document; or (c) any Lien created pursuant to any Loan Document ceases to constitute a valid first priority perfected Lien (subject to Permitted Liens) on any material portion of the Collateral in accordance with the terms thereof, or Agent ceases to have a valid perfected first priority security interest (subject to Permitted Liens) in any material portion of the Collateral pledged to Agent, for the benefit of Lenders, pursuant to the Collateral Documents.

8.1.9 Invalidity of Subordination Provisions.

Any subordination provision in any document or instrument governing the RedPath Promissory Note or any Approved AR Loan Facility or any subordination provision in the RedPath Subordination Agreement or any other subordination or intercreditor agreement entered into in connection with any such Debt, or any subordination provision in any guaranty by any Loan Party of any such Debt, shall cease to be in full force and effect other than as a result of any payment of Debt permitted hereunder or under any such subordination or intercreditor agreement, or any Loan Party shall contest in any manner the validity, binding nature or enforceability of any such provision.

8.1.10 Change of Control.

A Change of Control not otherwise permitted pursuant to Section 7.4 above shall occur.

8.1.11 Certificate Withdrawals, Adverse Test or Audit Results, and Other Matters.

The institution of any proceeding by FDA, CMS, or similar Governmental Authority to order the withdrawal of any Product or Product category or Service or Service category from the market or to enjoin Borrower or its Subsidiary from manufacturing, marketing, selling, distributing, or otherwise providing any Product or Product category or Service or Service category that would reasonably be expected to have a Material Adverse Effect, (b) the institution of any action or proceeding by DEA, FDA, CMS, or any other Governmental Authority to revoke, suspend, reject, withdraw, limit, or restrict any Required Permit held by Borrower or its Subsidiary or any of their representatives, which, in each case, would reasonably be expected to have a Material Adverse Effect, (c) the commencement of any enforcement action against Borrower or its Subsidiary by DEA, FDA, CMS, or any other Governmental Authority that would reasonably be expected to have a Material Adverse Effect, (d) the recall of any Products or Service from the market, the voluntary withdrawal of any Products or Service from the market, or actions to discontinue the sale of any Products or Service that would reasonably be expected to have a Material Adverse Effect, (e) the occurrence of adverse test, audit, or inspection results in connection with a Product or Service which would reasonably be expected to have a Material Adverse Effect, or (f) the occurrence of any event described in clauses (a) through (e) above that would otherwise cause Borrower to be excluded from participating in any federal, provincial, state or local health care programs under Section 1128 of the Social Security Act or any similar law or regulation.

8.2 Remedies.

(a) If any Event of Default described in Section 8.1.3 shall occur, the Loans

and all other Obligations shall become immediately due and payable without presentment, demand, protest or notice of any kind; and, if any other Event of Default shall occur and be continuing, Agent may, and upon the written request of Required Lenders shall, declare all or any part of the Loans and other Obligations to be due and payable, whereupon the Loans and other Obligations shall become immediately due and payable (in whole or in part, as applicable), all without presentment, demand, protest or notice of any kind. Agent shall use commercially reasonable efforts to promptly advise Borrower of any such declaration, but failure to do so shall not impair the effect of such declaration.

(b) In addition to the acceleration provisions set forth in Section 8.2(a) above, upon the occurrence and continuation of an Event of Default, Agent may (or shall at the request of Required Lenders) exercise any and all rights, options and remedies provided for in any Loan Document, under the Uniform Commercial Code, any other applicable foreign or domestic laws or otherwise at law or in equity, including, without limitation, the right to (i) apply any property of Borrower held by Agent to reduce the Obligations, (ii) foreclose the Liens created under the Loan Documents, (iii) realize upon, take possession of and/or sell any Collateral or securities pledged, with or without judicial process, (iv) exercise all rights and powers with respect to the Collateral as Borrower might exercise, (v) collect and send notices regarding the Collateral, with or without judicial process, (vi) by its own means or with judicial assistance, enter any premises at which Collateral and/or pledged securities are located, or render any of the foregoing unusable or dispose of the Collateral and/or pledged securities on such premises without any liability for rent, storage, utilities, or other sums, and Borrower shall not resist or interfere with such action, (vii) at Borrower's expense, require that all or any part of the Collateral be assembled and made available to Agent, for the benefit of Lenders, or Required Lenders at any place reasonably designated by Required Lenders in their sole discretion and/or relinquish or abandon any Collateral or securities pledged or any Lien thereon.

(c) The enumeration of any rights and remedies in any Loan Document is not intended to be exhaustive, and all rights and remedies of Agent and Lenders described in any Loan Document are cumulative and are not alternative to or exclusive of any other rights or remedies which Agent and Lenders otherwise may have. The partial or complete exercise of any right or remedy shall not preclude any other further exercise of such or any other right or remedy.

9. Agent.

9.1 Appointment; Authorization.

Each Lender hereby irrevocably appoints, designates and authorizes Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, Agent shall not have any duty or responsibility except those expressly set forth herein, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Agent.

9.2 Delegation of Duties.

Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.3 Limited Liability.

None of Agent or any of its directors, officers, employees or agents shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except to the extent resulting from its own gross negligence or willful misconduct as determined by a court of competent jurisdiction), or (b) be responsible in any manner to any Lender for any recital, statement, representation or warranty made by any Loan Party or Affiliate of any Loan Party, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document (or the creation, perfection or priority of any Lien or security interest therein), or for any failure of any Loan Party or any other party to any Loan Document to perform its Obligations hereunder or thereunder. Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party or Affiliate of any Loan Party.

9.4 Reliance.

Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Loan Party), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of Required Lenders (or all Lenders if expressly required hereunder) as it deems appropriate and, if it so requests, confirmation from Lenders of their obligation to indemnify Agent against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of Required Lenders (or all Lenders if expressly required hereunder) and such request and any action taken or failure to act pursuant thereto shall be binding upon each Lender.

9.5 Notice of Default.

Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or Default except with respect to defaults in the payment of principal, interest and fees required to be paid to Agent for the account of Lenders, unless Agent shall have received written notice from a Lender or Borrower referring to this Agreement, describing such Event of Default or Default and stating that such notice is a "notice of default". Agent will notify Lenders of its receipt of any such notice or any such default in the payment of principal, interest and fees required to be paid to Agent for the account of Lenders. Agent shall take such action with respect to such Event of Default or Default as may be requested by Required Lenders in accordance with Section 8.2; *provided* that unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default or Default as it shall deem advisable or in the best interest of Lenders.

9.6 Credit Decision.

Each Lender acknowledges that Agent has not made any representation or warranty to it, and that no act by Agent hereafter taken, including any review of the affairs of Borrower and the other Loan

Parties, shall be deemed to constitute any representation or warranty by Agent to any Lender. Each Lender represents to Agent that it has, independently and without reliance upon Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower, and made its own decision to enter into this Agreement and to extend credit to Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties. Except for notices, reports and other documents expressly herein required to be furnished to Lenders by Agent, Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial or other condition or creditworthiness of any Loan Party which may come into the possession of Agent.

9.7 Indemnification.

Whether or not the transactions contemplated hereby are consummated, each Lender shall indemnify upon demand Agent and its directors, officers, employees and agents (to the extent not reimbursed by or on behalf of Borrower and without limiting the obligation of Borrower to do so), based on such Lender's Pro Rata Term Loan Share, from and against any and all actions, causes of action, suits, losses, liabilities, damages and expenses, including Legal Costs, except to the extent any thereof result from the applicable Person's own gross negligence or willful misconduct, as determined by a court of competent jurisdiction. Without limitation of the foregoing, each Lender shall reimburse Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Legal Costs) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that Agent is not reimbursed for such expenses by or on behalf of Borrower. The undertaking in this Section 9.7 shall survive repayment of the Loans, cancellation of the Notes, any foreclosure under, or modification, release or discharge of, any or all of the Collateral Documents, termination of this Agreement and the resignation or replacement of Agent.

9.8 Agent Individually.

SWK and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with any Loan Party and any Affiliate of any Loan Party as though SWK were not Agent hereunder and without notice to or consent of any Lender. Each Lender acknowledges that, pursuant to such activities, SWK or its Affiliates may receive information regarding Loan Parties or their Affiliates (including information that may be subject to confidentiality obligations in favor of any such Loan Party or such Affiliate) and acknowledge that Agent shall be under no obligation to provide such information to them. With respect to their Loans (if any), SWK and its Affiliates shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though SWK were not Agent, and the terms "Lender" and "Lenders" include SWK and its Affiliates, to the extent applicable, in their individual capacities.

9.9 Successor Agent.

Agent may resign as Agent at any time upon 30 days' prior notice to Lenders and Borrower

(unless during the existence of an Event of Default such notice is waived by Required Lenders). If Agent resigns under this Agreement, Required Lenders shall, with (so long as no Event of Default exists) the consent of Borrower (which shall not be unreasonably withheld or delayed), appoint from among Lenders a successor agent for Lenders. If no successor agent is appointed prior to the effective date of the resignation of Agent, Agent may appoint, on behalf of, and after consulting with Lenders and (so long as no Event of Default exists) Borrower, a successor agent from among Lenders. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent, and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent becomes effective, the provisions of this Section 9 and Sections 10.4 and 10.5 shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is thirty (30) days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and Lenders shall perform all of the duties of Agent hereunder until such time, if any, as Required Lenders appoint a successor agent as provided for above; *provided* that in the case of any collateral security held by Agent on behalf of the Lenders under any of the Loan Documents, the retiring Agent shall continue so to hold such collateral security until such time as a successor Agent is appointed and the provisions of this Section 9 and Sections 10.4 and 10.5 shall continue to inure to its benefit so long as retiring Agent shall continue to so hold such collateral security. Upon the acceptance of a successor's appointment as Agent hereunder, the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents in respect of the Collateral.

9.10 Collateral and Guarantee Matters.

Lenders irrevocably authorize Agent, at its option and in its discretion, (a) to release any Lien granted to or held by Agent under any Collateral Document (i) when all Obligations have been Paid in Full; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any sale or other disposition permitted hereunder (including by consent, waiver or amendment and it being agreed and understood that Agent may conclusively rely without further inquiry on a certificate of an officer of Borrower as to the sale or other disposition of property being made in compliance with this Agreement); or (iii) subject to Section 10.1, if approved, authorized or ratified in writing by Required Lenders; (b) notwithstanding Section 10.1(a)(ii) hereof to release any party from its guaranty under the Guarantee and Collateral Agreement (i) when all Obligations have been Paid in Full or (ii) if such party was sold or is to be sold or disposed of as part of or in connection with any disposition permitted hereunder (including by consent, waiver or amendment and it being agreed and understood that Agent may conclusively rely without further inquiry on a certificate of an officer of Borrower as to the sale or other disposition being made in compliance with this Agreement); or (c) to subordinate its interest in any Collateral to any holder of a Lien on such Collateral which is permitted by Section 7.2(d) (it being understood that Agent may conclusively rely on a certificate from Borrower in determining whether the Debt secured by any such Lien is permitted by Section 7.1(b)). Upon request by Agent at any time, Lenders will confirm in writing Agent's authority to release, or subordinate its interest in, particular types or items of Collateral pursuant to this Section 9.10.

Agent shall release any Lien granted to or held by Agent under any Collateral Document (i) when all Obligations have been Paid in Full, (ii) in respect of property sold or to be sold or disposed of as part of or in connection with any sale or other disposition permitted hereunder (it being agreed and understood that Agent may conclusively rely without further inquiry on a certificate of an officer of Borrower as to the sale or other disposition of property being made in compliance with this Agreement) or (iii) subject to Section 10.1, if directed to do so in writing by Required Lenders.

In furtherance of the foregoing, Agent agrees to execute and deliver to Borrower, at

Borrower's expense, such termination and release documentation as Borrower may reasonably request to evidence a Lien release that occurs pursuant to terms of this Section 9.10.

9.11 Other Debt.

Each Lender hereby irrevocably appoints, designates and authorizes Agent to enter into any subordination or intercreditor agreement pertaining to any other Debt of Borrower and/or Loan Parties permitted hereunder, on its behalf and to take such action on its behalf under the provisions of any such agreement (subject to the last sentence of this Section 9.11). Each Lender further agrees to be bound by the terms and conditions of any subordination or intercreditor agreement pertaining to any such other Debt of Loan Parties. Each Lender hereby authorizes Agent to issue blockages notices in connection with any such other Debt at the direction of Required Lenders (it being agreed and understood that Agent will not act unilaterally to issue such blockage notices).

9.12 Actions in Concert.

For the sake of clarity, each Lender hereby agrees with each other Lender that no Lender shall take any action to protect or enforce its rights arising out of this Agreement, the Notes or any other Loan Document (including exercising any rights of setoff) without first obtaining the prior written consent of Agent and Required Lenders, it being the intent of Lenders that any such action to protect or enforce rights under this Agreement, the Notes and the other Loan Documents shall be taken in concert and at the direction or with the consent of Agent or Required Lenders.

10. Miscellaneous.

10.1 Waiver; Amendments.

(a) Except as otherwise expressly provided in this Agreement, no amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or any of the other Loan Documents (or any subordination and intercreditor agreement or other subordination provisions relating to any other Debt of Loan Parties permitted hereunder) shall in any event be effective unless the same shall be in writing and signed by Borrower (with respect to Loan Documents to which Borrower is a party), by Lenders having aggregate Pro Rata Term Loan Shares of not less than the aggregate Pro Rata Term Loan Shares expressly designated herein with respect thereto or, in the absence of such express designation herein, by Required Lenders, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however,* that:

(i) no such amendment, modification, waiver or consent shall, unless in writing and signed by all of the Lenders directly affected thereby, in addition to Required Lenders and Borrower, do any of the following: (A) increase any of the Commitments *(provided* that only the Lenders participating in any such increase of the Commitments shall be considered directly affected by such increase), (B) extend the date scheduled for payment of any principal of (except as otherwise expressly set forth below in clause (C)) or interest on the Loans or any fees or other amounts payable hereunder or under the other Loan Documents, or (C) reduce the principal amount of any Loan, the amount or rate of interest thereon *(provided* that Required Lenders may rescind an imposition of default interest pursuant to Section 2.6.1), or any fees or other amounts payable hereunder or under the other Loan Documents; and

(ii) no such amendment, modification, waiver or consent shall, unless in writing and signed by all of the Lenders in addition to Borrower (with respect to Loan Documents to which Borrower is a party), and each such other Loan Party, do any of the following: (A) release any material

guaranty under the Guarantee and Collateral Agreement or release all or substantially all of the Collateral granted under the Collateral Documents, except as otherwise specifically provided in this Agreement or the other Loan Documents, (B) change the definition of Required Lenders, (C) change any provision of this Section 10.1, (D) amend the provisions of Section 2.10.2, or (E) reduce the aggregate Pro Rata Term Loan Shares required to effect any amendment, modification, waiver or consent under the Loan Documents.

(b) No amendment, modification, waiver or consent shall, unless in writing and signed by Agent, in addition to Borrower and Required Lenders (or all Lenders directly affected thereby or all of the Lenders, as the case may be, in accordance with the provisions above), affect the rights, privileges, duties or obligations of Agent (including without limitation under the provisions of Section 9), under this Agreement or any other Loan Document.

(c) No delay on the part of Agent or any Lender in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any of them of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy.

10.2 Notices.

All notices hereunder shall be in writing (including via electronic mail) and shall be sent to the applicable party at its address shown on Annex II or at such other address as such party may, by written notice received by the other parties, have designated as its address for such purpose. Notices sent by electronic mail transmission shall be deemed to have been given when sent if sent during regular business hours on a Business Day, otherwise, such deemed delivery will be effective as of the next Business Day; notices sent by mail shall be deemed to have been given five (5) Business Days after the date when sent by registered or certified mail, first class postage prepaid; and notices sent by hand delivery or overnight courier service shall be deemed to have been given when received. Borrower, Agent and Lenders each hereby acknowledge that, from time to time, Agent, Lenders and Borrower may deliver information and notices using electronic mail.

10.3 Computations.

Unless otherwise specifically provided herein, any accounting term used in this Agreement (including in Section 7.13 or any related definition) shall have the meaning customarily given such term in accordance with GAAP, and all financial computations (including pursuant to Section 7.13 and the related definitions, and with respect to the character or amount of any asset or liability or item of income or expense, or any consolidation or other accounting computation) hereunder shall be computed in accordance with GAAP consistently applied; *provided* that if Borrower notifies Agent that Borrower wishes to amend any covenant in Section 7.13 (or any related definition) to eliminate or to take into account the effect of any change in GAAP on the operation of such covenant (or if Agent notifies Borrower that Required Lenders wish to amend Section 7.13 (or any related definition) for such purpose), then Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant (or related definition) is amended in a manner satisfactory to Borrower and Required Lenders. The explicit qualification of terms or computations by the phrase "in accordance with GAAP" shall in no way be construed to limit the foregoing. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 159 (Codification of Accounting Standards 825-10) to value any Debt or other liabilities of any Loan Party or any Subsidiary at "fair value", as defined therein.

10.4 Costs; Expenses.

Borrower agrees to pay on demand the reasonable, out-of-pocket costs and expenses of (a) Agent (including Legal Costs) in connection with (i) the preparation, execution, syndication and delivery (including perfection and protection of Collateral) of this Agreement, the other Loan Documents and all other documents provided for herein or delivered or to be delivered hereunder or in connection herewith, (ii) the administration of the Loans and the Loan Documents and (iii) any proposed or actual amendment, supplement or waiver to any Loan Document, and (b) Agent (including Legal Costs) in connection with the collection of the Obligations and enforcement of this Agreement, the other Loan Documents or any such other documents. In addition, Borrower agrees to pay and to save Agent harmless from all liability for, any fees of Borrower's auditors in connection with any reasonable exercise by Agent of its rights pursuant to and to the extent provided in Section 6.2. All Obligations provided for in this Section 10.4 shall survive repayment of the Loans, cancellation of the Notes, and termination of this Agreement.

10.5 Indemnification by Borrower.

In consideration of the execution and delivery of this Agreement by Agent and Lenders and the agreement to extend the Commitments provided hereunder, Borrower hereby agrees to indemnify, exonerate and hold Agent, each Lender and each of the officers, directors, employees, Affiliates and agents of Agent and each Lender (each a "Lender Party") free and harmless from and against any and all actions, causes of action, suits, losses, liabilities, damages and expenses, including Legal Costs (collectively, the "Indemnified Liabilities"), incurred by Lender Parties or any of them as a result of, or arising out of, or relating to any act or omission of any Loan Party or any of their respective officers, directors or agents, including, without limitation, (a) any tender offer, merger, purchase of equity interests, purchase of assets or other similar transaction financed or proposed to be financed in whole or in part, directly or indirectly, with the proceeds of any of the Loans, (b) the use, handling, release, emission, discharge, transportation, storage, treatment or disposal of any Hazardous Substance at any property owned or leased by Borrower or any other Loan Party, (c) any violation of any Environmental Laws with respect to conditions at any property owned or leased by any Loan Party or the operations conducted thereon, (d) the investigation, cleanup or remediation of offsite locations at which any Loan Party or their respective predecessors are alleged to have directly or indirectly disposed of Hazardous Substances or (e) the execution, delivery, performance or enforcement of this Agreement or any other Loan Document by any Lender Party, except to the extent any such Indemnified Liabilities result solely from the applicable Lender Party's own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction in a non-appealable judgment. If and to the extent that the foregoing undertaking may be unenforceable for any reason, Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. All Obligations provided for in this Section 10.5 shall survive repayment of the Loans, cancellation of the Notes, any foreclosure under, or any modification, release or discharge of, any or all of the Collateral Documents and termination of this Agreement.

10.6 Marshaling; Payments Set Aside.

Neither Agent nor any Lender shall be under any obligation to marshal any assets in favor of Borrower or any other Person or against or in payment of any or all of the Obligations. To the extent that Borrower makes a payment or payments to Agent or any Lender, or Agent or any Lender enforces its Liens or exercises its rights of set-off, and such payment or payments or the proceeds of such enforcement or set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent or any Lender in its discretion) to be repaid to a trustee, receiver or any other party in connection with any bankruptcy, insolvency or similar proceeding, or otherwise, then (a) to the fullest extent permitted by applicable law, to the extent of such

recovery, the obligation hereunder or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred and (b) each Lender severally agrees to pay to Agent upon demand its ratable share of the total amount so recovered from or repaid by Agent to the extent paid to such Lender.

10.7 Nonliability of Lenders.

The relationship between Borrower on the one hand and Lenders and Agent on the other hand shall be solely that of borrower and lender. Neither Agent nor any Lender shall have any fiduciary responsibility to Borrower. Neither Agent nor any Lender undertakes any responsibility to Borrower to review or inform Borrower of any matter in connection with any phase of Borrower's business or operations. To the fullest extent permitted under applicable law, execution of this Agreement by Borrower constitutes a full, complete and irrevocable release of any and all claims which Borrower may have at law or in equity in respect of all prior discussions and understandings, oral or written, relating to the subject matter of this Agreement and the other Loan Documents. Neither Agent nor any Lender shall have any liability with respect to, and Borrower hereby, to the fullest extent permitted under applicable law, waives, releases and agrees not to sue for, any special, indirect, punitive or consequential damages or liabilities.

10.8 Assignments; Participations.

10.8.1 Assignments.

(a) Any Lender may at any time assign to one or more Persons (other than a Loan Party and their respective Affiliates) (any such Person, an "Assignee") all or any portion of such Lender's Loans and Commitments, with the prior written consent of Agent and Borrower (so long as no Default or Event of Default has occurred or is continuing) (which consents shall not be unreasonably withheld, delayed or conditioned and shall not be required (i) for an assignment by a Lender to another Lender or an Affiliate of a Lender or an Approved Fund of a Lender or (ii) for an assignment by SWK Funding LLC, as a Lender, to any Person for which SWK Advisors LLC acts as an investment advisor (or any similar type of representation or agency) pursuant to a written agreement. Except as Agent mayotherwise agree, any such assignment (other than any assignment by a Lender to a Lender or an Affiliate or Approved Fund of a Lender) shall be in a minimum aggregate amount equal to $1,000,000 or, if less, the Commitment or the principal amount of the Loan being assigned. Borrower and Agent shall been titled to continue to deal solely and directly with such Lender in connection with the interests so assigned to an Assignee until Agent shall have received and accepted an effective Assignment Agreement executed, delivered and fully completed by the applicable parties thereto and a processing fee of $3,500 to be paid by the Lender to whom such interest is assigned; *provided* that no such fee shall be payable in connection with any assignment by a Lender to a Lender or an Affiliate or Approved Fund of a Lender.

(b) From and after the date on which the conditions described above have been met, (i) such Assignee shall be deemed automatically to have become a party hereto and, to the extent that rights and obligations hereunder have been assigned to such Assignee pursuant to such Assignment Agreement, shall have the rights and obligations of a Lender hereunder and (ii) the assigning Lender, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, shall be released from its rights (other than its indemnification rights) and obligations hereunder. Upon the request of the Assignee (and, as applicable, the assigning Lender)pursuant to an effective Assignment Agreement, Borrower shall execute and deliver to Agent for delivery to the Assignee (and, as applicable, the assigning Lender) a Note in the principal amount of the Assignee's Pro Rata Term Loan Share (and, as applicable, a Note in the principal amount of the Pro Rata Term Loan Share retained by the assigning Lender). Each such Note shall be dated the effective date of such assignment. Upon receipt by the assigning Lender

of such Note, the assigning Lender shall return to Borrower any prior Note held by it.

(c) Agent, acting solely for this purpose as an agent of Borrower, shall maintain at one of its offices in the United States a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of each Lender, and the Commitments of, and principal amount of the Loans owing to, such Lender pursuant to the terms hereof. The entries in such register shall be, in the absence of manifest error, conclusive, and Borrower, Agent and Lenders may treat each Person whose name is recorded therein pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. Such register shall be available for inspection by Borrower and any Lender, at any reasonable time upon reasonable prior notice to Agent.

(d) Notwithstanding the foregoing provisions of this Section 10.8.1 or any other provision of this Agreement, any Lender may at any time assign all or any portion of its Loans and its Note (i) as collateral security to a Federal Reserve Bank or, as applicable, to such Lender's trustee for the benefit of its investors (but no such assignment shall release any Lender from any of its obligations hereunder) and (ii) to *(w)* an Affiliate of such Lender which is at least fifty percent (50%) owned (directly or indirectly) by such Lender or by its direct or indirect parent company, *(x)* its direct or indirect parent company, *(y)* to one or more other Lenders or *(z)* to an Approved Fund.

10.9 Participations.

Any Lender may at any time sell to one or more Persons participating interests in its Loans, Commitments or other interests hereunder (any such Person, a "Participant"). In the event of a sale by a Lender of a participating interest to a Participant, (a) such Lender's obligations hereunder shall remain unchanged for all purposes, (b) Borrower and Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations hereunder and (c) all amounts payable by Borrower shall be determined as if such Lender had not sold such participation and shall be paid directly to such Lender. No Participant shall have any direct or indirect voting rights hereunder except with respect to any event described in Section 10.1 expressly requiring the unanimous vote of all Lenders or, as applicable, all affected Lenders. Each Lender agrees to incorporate the requirements of the preceding sentence into each participation agreement which such Lender enters into with any Participant. Borrower agrees, to the fullest extent permitted by applicable law, that if amounts outstanding under this Agreement are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement; *provided* that such right of set-off shall be subject to the obligation of each Participant to share with Lenders, and Lenders agree to share with each Participant, as provided in Section 2.10.4. Borrower also agrees that each Participant shall be entitled to the benefits of Section 3 as if it were a Lender *(provided* that a Participant shall not be entitled to such benefits unless such Participant agrees, for the benefit of Borrower, to comply with the documentation requirements of Section 3.1(c) as if it were a Lender and complies with such requirements, and *provided, further,* that no Participant shall receive any greater compensation pursuant to Section 3 than would have been paid to the participating Lender if no participation had been sold). Any such Lender transferring a participation shall, as an agent for Borrower, maintain in the United States a register to record the names, address, and interest, principal and other amounts owing to, each Participant. The entries in such register shall be, in the absence of manifest error, conclusive, and Borrower, Agent and the Lenders may treat each Person whose name is recorded therein pursuant to the terms hereof as a Participant hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. Such Participation register shall be available for inspection by the Agent or Borrower, at any reasonable time upon reasonable prior written notice from Agent or Borrower.

10.10 Confidentiality.

Borrower, Agent and each Lender agree to use commercially reasonable efforts (equivalent to the efforts Borrower, Agent or such Lender applies to maintain the confidentiality of its own confidential information) to maintain as confidential all information (including, without limitation, any information provided by Borrower pursuant to Sections 6.1.3, 6.1.7, 6.1.8 and 6.2) provided to them by any other party hereto and/or any other Loan Party, as applicable, except that Agent and each Lender may disclose such information (a) to Persons employed or engaged by Agent or such Lender or any of their Affiliates (including collateral managers of Lenders) in evaluating, approving, structuring or administering the Loans and the Commitments *(provided* that such Persons have been informed of the covenant contained in this Section 10.9); (b) to any assignee or participant or potential assignee or participant that has agreed to comply with the covenant contained in this Section 10.9 (and any such assignee or participant or potential assignee or participant may disclose such information to Persons employed or engaged by them as described in clause (a) above); (c) as required or requested by any federal or state regulatory authority or examiner, or any insurance industry association, or as reasonably believed by Agent or such Lender to be compelled by any court decree, subpoena or legal or administrative order or process; (d) as, on the advice of Agent's or such Lender's counsel, is required by law; (e) in connection with the exercise of any right or remedy under the Loan Documents or in connection with any litigation to which Agent or such Lender is a party; (f) to any nationally recognized rating agency or investor of a Lender that requires access to information about a Lender's investment portfolio in connection with ratings issued or investment decisions with respect to such Lender; (g) that ceases to be confidential through no fault of Agent or any Lender; (h) to a Person that is an investor or prospective investor in a Securitization that agrees that its access to information regarding Borrower and the Loans and Commitments is solely for purposes of evaluating an investment in such Securitization and who agrees to treat such information as confidential; or (i) to a Person that is a trustee, collateral manager, servicer, noteholder or secured party in a Securitization in connection with the administration, servicing and reporting on the assets serving as collateral for such Securitization. For purposes of this Section, "Securitization" means a public or private offering by a Lender or any of its Affiliates or their respective successors and assigns, of securities which represent an interest in, or which are collateralized, in whole or in part, by the Loans or the Commitments. In each case described in clauses (c), (d) and (e) (as such disclosure in clause (e) pertains to litigation only), where the Agent or Lender, as applicable, is compelled to disclose a Loan Party's confidential information, promptly after such disclosure the Agent or such Lender, as applicable, shall notify Borrower of such disclosure *provided, however,* that neither the Agent nor any Lender shall be required to notify Borrower of any such disclosure (i) to any federal or state banking regulatory authority conducting an examination of the Agent or such Lender, or (ii) to the extent that it is legally prohibited from so notifying Borrower. Notwithstanding the foregoing, Agent reserves the right to provide to industry trade organizations information necessary and customary for inclusion in league table measurements.

10.11 Captions.

Captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

10.12 Nature of Remedies.

All Obligations of Borrower and rights of Agent and Lenders expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable law. No failure to exercise and no delay in exercising, on the part of Agent or any Lender, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any

other right, remedy, power or privilege.

10.13 Counterparts.

This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement. Receipt by facsimile machine or in ".pdf" format through electronic mail of any executed signature page to this Agreement or any other Loan Document shall constitute effective delivery of such signature page. This Agreement and the other Loan Documents to the extent signed and delivered by means of a facsimile machine or other electronic transmission (including ".pdf"), shall be treated in all manner and respects and for all purposes as an original agreement or amendment and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such other Loan Document shall raise the use of a facsimile machine or other electronic transmission to deliver a signature or the fact that any signature or agreement or amendment was transmitted or communicated through the use of a facsimile machine or other electronic transmission as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

10.14 Severability.

The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.15 Entire Agreement.

This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the parties hereto and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

10.16 Successors; Assigns.

This Agreement shall be binding upon Borrower, Lenders and Agent and their respective successors and assigns, and shall inure to the benefit of Borrower, Lenders and Agent and the successors and assigns of Lenders and Agent. No other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents. Borrower may not assign or transfer any of its rights or Obligations under this Agreement without the prior written consent of Agent and each Lender.

10.17 Governing Law.

THIS AGREEMENT AND EACH NOTE SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS CODE).

10.18 Forum Selection; Consent to Jurisdiction.

ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, SHALL BE

BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; *PROVIDED* THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH PARTY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, U.S. FIRST CLASS POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

10.19 Waiver of Jury Trial.

EACH OF BORROWER, AGENT AND EACH LENDER, TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY NOTE, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY LENDING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

10.20 Patriot Act.

Each Lender that is subject to the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), and Agent (for itself and not on behalf of any Lender), hereby notifies each Loan Party that, pursuant to the requirements of the Patriot Act, such Lender and Agent are required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender or Agent, as applicable, to identify each Loan Party in accordance with the Patriot Act.

10.21 Approved AR Loan Facility.

Agent and Lenders acknowledge that Borrower is seeking a revolving loan facility to be secured by a first lien security interest in accounts receivables generated from the sale of diagnostic products marketed by certain Loan Parties and a second lien security interest in all other Collateral, which loan facility will be in a maximum principal amount of $15,000,000 and subject to an advance rate of no greater than sixty percent (60%), in each case unless otherwise agreed to by Agent in its sole discretion. Agent and Borrower agree to work together in good faith, and at Borrower's sole cost and expense, to negotiate and enter into such amendments to this Agreement and such other Loan Documents as may be necessary, to permit such indebtedness, to release and/or subordinate such liens as may be necessary to effectuate such revolving loan facility, and to enter into such third party documents as may be reasonably requested by Borrower and/or such revolving loan lender. Notwithstanding anything set forth herein to the contrary, the terms and conditions of such revolving loan facility shall be acceptable to Agent in its sole discretion, and,

Agent's approval of such revolving loan facility shall be subject to, among other things as may be reasonably required by Agent, Agent's receipt of a fully-executed intercreditor agreement in form and substance acceptable to Agent in its sole discretion.

[Remainder of page intentionally blank; signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first set forth above.

BORROWER:

PDI, INC.,
a Delaware corporation

By: /s/ Nancy S. Lurker

Name: Nancy S. Lurker
Title: Chief Executive Officer

AGENT:

SWK FUNDING LLC

By: /s/ Winston Black

Name: Winston Black
Title: Managing Director

LENDER:

SWK FUNDING LLC

By: /s/ Winston Black

Name: Winston Black
Title: Managing Director

ANNEX I

Commitments and Pro Rata Term Loan Shares

Lender	Commitment	Pro Rata Term Loan Share
SWK Funding LLC	$20,000,000	100%

ANNEX II

Addresses

Party	Notice Address
Agent:	SWK Funding LLC 15770 Dallas Parkway, Suite 1290 Dallas, Texas 75248 Email: notifications@swkhold.com with a copy to: Holland & Knight LLP 200 Crescent Court, Suite 1600 Dallas, Texas 75201 Attn: Ryan Magee Email: ryan.magee@hklaw.com
Borrower:	PDI, Inc. 300 Interpace Parkway Morris Corporate Center 1 & Bldg A Parsippany, NJ 07054 Attn: Graham Miao Email: gmiao@pdi-inc.com with a copy to: Pepper Hamilton LLP 3000 Two Logan Square Eighteenth and Arch Streets Philadelphia, PA 19103-2799 Attn: Steven J. Abrams Email: abramss@pepperlaw.com

EXHIBIT A

Form of Assignment Agreement

This ASSIGNMENT AGREEMENT (the "Assignment Agreement") is entered into as of [ ], 20[ ],by and between the Assignor named on the signature page hereto ("Assignor") and the Assignee named on the signature page hereto ("Assignee"). Reference is made to the Credit Agreement dated as of October 31, 2014 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement") among PDI, INC., a Delaware corporation ("Borrower"), the Lenders party thereto from time to time ("Lenders"), and SWK FUNDING LLC, as administrative agent (in such capacity, together with its successors and assigns, the "Agent") on behalf of the Lenders. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Credit Agreement.

Assignor and Assignee agree as follows:

11. For an agreed consideration, Assignor hereby irrevocably sells and assigns to Assignee, and the Assignee hereby irrevocably purchases and assumes from Assignor, subject to and in accordance with the Credit Agreement, as of the Effective Date (as defined below) (a) all of Assignors' rights and obligations in its capacities as Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest, as identified on the schedule attached hereto, of all of such outstanding rights and obligations of Assignor under or in relation to the Credit Agreement, and (b) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of Assignor (in its capacity as Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (a) above (the rights and obligations sold and assigned by Assignor to the Assignee pursuant to clauses (a) and (b) above being referred to herein collectively as an "Assigned Interest"). Such sale and assignment is without recourse to Assignor and, except as expressly provided in this Assignment Agreement, without representation or warranty by Assignor.

12. Assignor (a) represents that as of the Effective Date, that it is the legal and beneficial owner of the Assigned Interests free and clear of any adverse claim; (b) represents that, as of the date hereof, the balance of the Loan is $[ ]; (c) makes no other representation or warranty and assumes no responsibility with respect to any statement, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Documents or any other instrument or document furnished pursuant thereto; and (d) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or any other Person or the performance or observance by any Loan Party of its Obligations under the Credit Agreement or the other Loan Documents or any other instrument or document furnished pursuant thereto.

13. Assignee (a) represents and warrants that it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement; (b) confirms that it has received a copy of the Credit Agreement and the other Loan Documents, together with copies of the most recent financial statements delivered pursuant thereto and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement; (c) represents and warrants that it has, independently and without reliance upon Agent or Assignor or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit

analysis and decision to enter into this Assignment Agreement and to purchase such Assigned Interest; (d) agrees that it will, independently and without reliance upon Agent, Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (e) appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (f) hereby represents and warrants that upon the effectiveness of this Assignment Agreement, Assignee will be a Lender under the Credit Agreement and further agrees that it will perform in accordance with their terms all obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; (g) represents that on the date of this Assignment Agreement it is not presently aware of any facts that would cause it to make a claim under the Credit Agreement; (h) if organized under the laws of a jurisdiction outside the United States, attaches the forms prescribed by the Internal Revenue Service of the United States, which have been duly executed, certifying as to Assignee's exemption from United States withholding taxes with respect to all payments to be made to Assignee under the Credit Agreement or such other documents as are necessary to indicate that all such payments are subject to such tax at a rate reduced by an applicable tax treaty; and (i) represents and warrants that it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type.

14. The effective date for this Assignment Agreement shall be as set forth on the schedule attached hereto (the "Effective Date"). Following the execution of this Assignment Agreement, it will bedelivered to Agent for acceptance and recording by Agent pursuant to the Credit Agreement.

15. Upon such acceptance and recording, from and after the Effective Date, (a) Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment Agreement, have the rights and obligations of a Lender thereunder and (b) Assignor shall, to the extent provided in this Assignment Agreement, relinquish its rights (other than indemnification rights) and be released from its obligations under the Credit Agreement.

16. From and after the Effective Date, Agent shall make all payments in respect of each Assigned Interest (including payments of principal, interest, fees and other amounts) to Assignor for amounts which have accrued to but excluding the Effective Date and to Assignee for amounts which have accrued from and after the Effective Date. Notwithstanding the foregoing, Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to Assignee.

17. THIS ASSIGNMENT AGREEMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

18. This Assignment Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Assignment Agreement. Receipt by facsimile, portable document format (.pdf), or other electronic transmission of any executed signature page to this Assignment Agreement shall constitute effective delivery of such signature page.

[Remainder of page intentionally blank; signature page follows.]

The parties hereto have caused this Assignment Agreement to be executed and delivered as of the date first written above.

ASSIGNOR:

[_____]

By: _____
Name: _____
Title: _____

ASSIGNEE:

[_____]

By: _____
Name: _____
Title: _____

Acknowledged and Agreed:

SWK FUNDING LLC,
as Agent

By: _____
Name: _____
Title: _____

PDI, INC.,
as Borrower

By: _____
Name: _____
Title: _____

Schedule to Assignment Agreement

Assignor: _____

Assignee: _____

Effective Date: _____

Credit Agreement: Credit Agreement, dated as of October 31, 2014, among PDI, INC., a Delaware corporation, as Borrower, the other loan parties party thereto, the financial institutions party thereto from time to time as Lenders, and SWK FUNDING LLC, as Agent, as it may be amended, restated, supplemented or otherwise modified from time to time.

Interests Assigned:

	Term Loan	Aggregate Pro Rata Term Loan Share
Assignor Amounts (pre-assignment)	$20,000,000	100%
Assignor Amounts (post-assignment)	$	
Amounts Assigned		
Assignee Amounts (pre-assignment)	$0	0%
Assignee Amounts (post-assignment)	$	

Assignee Information:

Address for Notices:

_____

_____

Attention: _____

Telephone: _____

Telecopy: _____

Address for Payments:

Bank: _____

ABA#: _____

Account#: _____

Reference: _____

EXHIBIT B

Form of Compliance Certificate

COMPLIANCE CERTIFICATE

[_____], 20[_]

Please refer to the Credit Agreement, dated as of October 31, 2014 (as amended, restated or otherwise modified from time to time, the "Credit Agreement") among PDI, INC., a Delaware corporation ("Borrower"), the lenders party thereto from time to time as Lenders, and SWK FUNDING LLC, as administrative agent (in such capacity, together with its successors and assigns, the "Agent") on behalf of the Lenders. This certificate (this "Certificate"), together with supporting calculations attached hereto, is delivered to Agent pursuant to the terms of the Credit Agreement. Terms used but not otherwise defined herein are used herein as defined in the Credit Agreement.

Enclosed herewith is a copy of the **[annual audited/quarterly]** financial statements required under the Credit Agreement as at and for the period ending [_____] (the "Computation Date"), which financial statements fairly present in all material respects the financial condition and results of operations of the Persons covered by such financial statements as of the Computation Date and for the period then ended and have been prepared in accordance with GAAP consistently applied (subject to the absence of footnotes and to normal year-end adjustments).

Borrower hereby certifies and warrants that the computations set forth on the schedule attached hereto correspond to the computations required by Sections 7.13.1, 7.13.2 and 7.13.3 of the Credit Agreement and such computations are true and correct in all material respects as at the Computation Date.

Borrower further certifies that no Event of Default or Default has occurred and is continuing [except as set forth on Annex I hereto, which Annex describes such Event of Default or Default and the steps, if any, being taken to cure it].

Borrower has caused this Certificate to be executed and delivered by its officers thereunto duly authorized on [ ], 20 [ ].

PDI, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

Schedule to Compliance Certificate
Dated as of _____[1]

A. Section 7.13.1 - Consolidated Unencumbered Liquid Assets

1A. Cash Equivalent Investments owned by Borrower and its Subsidiaries on a consolidated basis which are not the subject of any Lien or other arrangement with any creditor to have its claim satisfied out of such asset (or proceeds thereof) prior to the general creditors of Borrower and such Subsidiaries other than the Lien of Agent for the benefit of the Lenders or Agent and any Lien securing an Approved AR Loan Facility:

(a)	any evidence of Debt, maturing not more than one year after such time, issued or guaranteed by the United States Government or any agency thereof	$ _____
(b)	commercial paper, or corporate demand notes, in each case (unless issued by a Lender or its holding company) rated at least A-l by Standard & Poor's Ratings Group or P-l by Moody's Investors Service, Inc.	$ _____
(c)	any certificate of deposit (or time deposit represented by a certificate of deposit) or banker's acceptance maturing not more than one year after such time, or any overnight Federal Funds transaction that is issued or sold by any Lender (or by a commercial banking institution that is a member of the Federal Reserve System or is a U.S. branch of a foreign banking institution and has a combined capital and surplus and undivided profits of not less than $500,000,000)	$ _____
(d)	any repurchase agreement entered into with any Lender (or commercial banking institution of the nature referred to in Item (c) above) which (i) is secured by a fully perfected security interest in any obligation of the type described in any of Items (a) through (c) above and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such Lender (or other commercial banking institution) thereunder	$ _____
(e)	money market accounts or mutual funds which invest $_ exclusively or substantially in assets satisfying the foregoing requirements	$ _____
(f)	cash	$ _____
(g)	other short term liquid investments approved in writing by Agent	$ _____
1B.	Total of Items (a) through (g) above	
2.	Minimum Required	$ 1,500,000

Is the amount in Item 1B greater than the amount in Item 2?

_____ Yes
_____ No

[1] The descriptions of the calculations set forth in this certificate are sometimes abbreviated for simplicity, but are qualified in their entirety by reference to the full text of the calculations provided in the Credit Agreement.

B. Section 7.13.2 - Minimum Aggregate Revenue

1.	Net Sales for twelve consecutive month period ending on the Computation Date	
2.	Royalties for twelve consecutive month period ending on the Computation Date	
3.	Any other income or revenue recognized by Borrower or its Subsidiaries on a consolidated basis in accordance with GAAP for twelve consecutive month period ending on the Computation Date	
4.	Sum of Items 1 through 3	
5.	Minimum Required for corresponding Fiscal Quarter	*(See* table in Section 7.13.2 of the Credit Agreement)
	Is the amount in Item 4 greater than the amount referenced in Item 5?	_____ Yes _____ No

C. Section 7.13.3 - Minimum Diagnostic Product Revenue

1.	Net Sales with regard to the molecular diagnostics business for twelve consecutive month period ending on the Computation Date	
2.	Minimum Required for corresponding Fiscal Quarter	$ 25,000,000
	Is the amount in Item 1 greater than the amount referenced in Item 2?	_____ Yes _____ No

EXHIBIT C

Form of Note

PROMISSORY NOTE

THIS NOTE IS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR U.S. FEDERAL INCOME TAX PURPOSES AS DEFINED BY SECTION 1273(a)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. A HOLDER OF THE NOTE MAY CONTACT THE [ ] OF THE ISSUER AT TELEPHONE NUMBER [ ], FOR INFORMATION CONCERNING THE ISSUE PRICE, AMOUNT OF OID AND YIELD TO MATURITY OF THIS NOTE.

$[ ] [ ], 20[ ]

FOR VALUE RECEIVED and pursuant to the terms of this PROMISSORY NOTE (as amended, restated, supplemented, or otherwise modified from time to time, this "**Note**"**),** the undersigned, **PDI, INC.,** a Delaware corporation **(**"**Borrower**"**),** having an address at 300 Interpace Parkway, Morris Corporate Center 1, Building A, Parsippany, NJ 07054, promises to pay to the order of [] (together with all subsequent holders of this Note being hereinafter referred to collectively, as "**Holder**"**),** at the offices of **SWK FUNDING, LLC,** a Delaware limited liability company, as agent (in such capacity, together with its successors and assigns, the "**Agent**"**),** on behalf of Holder and the other Lenders (defined below), having an address at 15770 Dallas Parkway, Suite 1290, Dallas, Texas 75248, or at such other place as Holder hereof may designate in writing, the principal sum of **[__] DOLLARS ($[ ]),** pursuant to that certain Credit Agreement, of even date herewith (as amended, restated, supplemented, or otherwise modified from time to time, the "**Credit Agreement**"**),** among Borrower, the lenders party thereto from time to time (each a "**Lender**" and collectively, the "**Lenders**"**),** and Agent, together with interest on the unpaid amount from time to time outstanding under this Note at the rate or rates of interest provided therefor in the Credit Agreement. This Note evidences the obligation of Borrower to repay, with interest thereon, the Loans under the Credit Agreement made by Lenders to Borrower pursuant to the Credit Agreement.

DEFINITIONS

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

PRINCIPAL AND INTEREST

Principal. Borrower shall make payments on the unpaid principal balance of this Note and accrued interest on the unpaid principal balance of this Note in accordance with the provisions of the Credit Agreement. If not sooner paid, the entire unpaid principal balance of this Note and all interest thereon shall be paid on the Term Loan Maturity Date.

Interest. Interest on the unpaid balance of this Note will accrue from the date of this Note until final payment thereof in accordance with the applicable provisions of the Credit Agreement.

Prepayments. Borrower may prepay the principal sum outstanding from time to time hereunder as provided in the Credit Agreement, subject to any prepayment premium set forth in the Credit Agreement.

INCORPORATION OF CREDIT AGREEMENT

This Note has been issued pursuant to the Credit Agreement, and all of the terms, covenants and conditions of the Credit Agreement (including all Exhibits and Schedules thereto) and all other instruments evidencing or securing the indebtedness hereunder are hereby made a part of this Note and are deemed incorporated herein in full.

EVENTS OF DEFAULT

Upon the occurrence and during the continuance of an Event of Default, the Holder shall have the rights and remedies set forth in the Credit Agreement and the other Loan Documents, in addition to any other remedies to which the Holder may be entitled.

LAWFUL LIMITS

All agreements between Borrower and Holder are expressly limited so that in no contingency or event whatsoever, whether by reason of advancement of the proceeds hereof, acceleration of maturity of the unpaid principal balance hereof, or otherwise, shall the amount paid or agreed to be paid to Holder for the use, forbearance or detention of the money to be advanced hereunder exceed the highest lawful rate permissible under applicable usury laws. If, from any circumstances whatsoever, fulfillment of any provision hereof, of the Credit Agreement or of any other Loan Documents shall involve transcending the limit of validity prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and, if from any circumstance Holder shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due hereunder and not to the payment of interest. This provision shall control every other provision of all agreements between Borrower and Holder.

To the extent that either Chapter 303 or 306, or both, of the Texas Finance Code, as amended from time to time, apply in determining the Maximum Lawful Rate notwithstanding that the parties have chosen that the laws of the State of New York (or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, receive or reserve a greater amount of interest than the laws of the State of New York) to govern and control in the enforcement, interpretation and construction of the Loan Documents generally, Holder hereby elects to determine the applicable rate ceiling by using the weekly ceiling from time to time in effect, subject to Holder's right from time to time to change such method in accordance with applicable law, as the same may be amended or modified from time to time, to utilize any other method of establishing the Maximum Lawful Rate under the Texas Finance Code or under other applicable law by giving notice, if required, to Borrower as provided by applicable law now or hereafter in effect. To the extent United States federal law permits Holder to contract for, charge, take, receive or reserve a greater amount of interest than under Texas law, Holder will rely on United States federal law instead of applicable state law for the purpose of determining the Maximum Lawful Rate. As used herein, *(x)* the term "**Maximum Lawful Rate**" shall mean the maximum lawful rate of interest which may be contracted for, charged, taken, received or reserved by Beneficiary in accordance with the applicable law (or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, receive or reserve a greater amount of interest than under applicable state law), taking into account all Charges made in connection with the transaction evidenced by the Note and the other Loan Documents, and *(y)* the term "**Charges**" shall mean all fees, charges and/or any other things of value, if any, contracted for, charged,

received, taken or reserved by Holder in connection with the transactions relating to the Loan Agreement, the Note and the other Loan Documents, which are treated as interest under applicable law.

MISCELLANEOUS

WAIVERS. PRESENTMENT FOR PAYMENT, NOTICE OF NONPAYMENT OR DISHONOR, PROTEST, NOTICE OF PROTEST, DEMAND, NOTICE OF DEMAND, NOTICE OF ACCELERATION OR INTENT TO ACCELERATE AND ALL OTHER NOTICES IN CONNECTION WITH THE DELIVERY, ACCEPTANCE, PERFORMANCE, DEFAULT OR ENFORCEMENT OF THIS NOTE ARE HEREBY IRREVOCABLY WAIVED BY BORROWER.

Exercise of Remedies. No delay on the part of Agent or Holder in the exercise of any right, power or remedy hereunder, under the Credit Agreement or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise by Agent or Holder of any right, power or remedy hereunder, under the Credit Agreement or under any other Loan Document preclude other or further exercise thereof, or the exercise of any other right, power or remedy. Upon the occurrence and continuance of an Event of Default, Agent and Holder shall at all times have the right to proceed against any portion of the Collateral in such order and in such manner as Agent and Holder may deem fit, subject to an in accordance with the Guarantee and Collateral Agreement and IP Security Agreement without waiving any rights with respect to any other security.

Invalid Provisions. The illegality or unenforceability of any provision of this Note shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Note.

Governing Law. THIS NOTE SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS CODE).

Definition of Note. All references to "Note" or "Notes" in the Loan Documents shall also include this Note, to the extent not returned to Borrower for cancellation, as the same may be amended, supplemented, modified, divided and/or restated and in effect from time to time.

New Notes. Upon Agent's written request (on behalf of Holder) Borrower shall execute and deliver to Agent new Notes and/or split or divide the Notes, or any of them, in exchange for the then existing Notes, in such smaller amounts or denominations as Agent shall specify; provided, that the aggregate principal amount of such new, split or divided Notes shall not exceed the aggregate principal amount of the Notes outstanding at the time such request is made; and provided, further, that such Notes that are replaced shall then be deemed no longer outstanding under the Credit Agreement and replaced by such new Notes and returned to Borrower within a reasonable period of time after Agent's receipt of the replacement Notes.

Replacement Notes. Upon receipt of evidence reasonably satisfactory to Borrower of the mutilation, destruction, loss or theft of any Notes and the ownership thereof, Borrower shall, upon the written request of the holder of such Notes, execute and deliver in replacement thereof new Notes in the same form, in the same original principal amount and dated the same date as the Notes so mutilated, destroyed, lost or stolen; and such Notes so mutilated, destroyed, lost or stolen shall then be deemed no longer outstanding under the Credit Agreement. If the Notes being replaced have been mutilated, they shall be surrendered to Borrower; and if such replaced Notes have been destroyed, lost or stolen, such holder shall furnish Borrower with an indemnity in writing to indemnify, defend and save them harmless in respect of such replaced Notes.

[Remainder of page intentionally blank; signature page follows].

IN WITNESS WHEREOF, the undersigned has caused this Promissory Note to be executed as of the day and year first written above.

BORROWER:

PDI, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT D

Form of Diagnostic Company Stock Purchase Agreement

(See Attached)

[Exhibit A to First Amendment to Collaboration Agreement]

STOCK PURCHASE AGREEMENT

Dated as of _____, _____

By and Among

[PDI, INC.], Buyer

And the Shareholders of

[***], Sellers

*** Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

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STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of _____, ____by and among **[PDI, INC.,** a Delaware corporation] (the "**Buyer**") and the individuals identified on the signature page hereto (collectively, the "**Sellers**").

WHEREAS, Sellers own 100% of the issued and outstanding shares (the "**Shares**") of [ ][2], a Delaware corporation (the "**Company**"); and

WHEREAS, Sellers desire to sell to the Buyer, and the Buyer desires to purchase from Sellers, all of each Sellers' respective Shares, upon the terms and subject to the conditions set forth in this Agreement, so that the Buyer will become the owner of all of the issued and outstanding Shares of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the Buyer and the Sellers hereby agree as follows:

1. DEFINITIONS

1.1 Definitions

In this Agreement, the following terms have the meanings specified or referred to in this Section 1.1 and shall be equally applicable to both the singular and plural forms. Any agreement referred to below shall mean such agreement as amended, supplemented and modified from time to time to the extent permitted by the applicable provisions thereof and by this Agreement.

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

"**Agreement**" means this Stock Purchase Agreement, including all exhibits hereto, as it may be amended from time to time.

"**Applicable Law**" means any United States or foreign statute, law (including the common law), ordinance, rule, code, or regulation that applies in whole or in part to, as the case may be, the Company, the Buyer or Sellers or any of their respective businesses, properties or assets. Any reference to any federal, provincial, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

"**Business Day**" means any day of the year on which national banking institutions in New Jersey are open to the public for conducting business and are not required or authorized to close.

"**Buyer**" has the meaning set forth in the first paragraph of this Agreement.

"**Buyer Documents**" has the meaning set forth in Section 3.2(b).

[2] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

"**Buyer Indemnitees**" has the meaning set forth in Section 7.2.

"**Claim Notice**" has the meaning set forth in Section 7.5(a).

"**Closing**" has the meaning set forth in Section 2.3.

"**Closing Consideration**" has the meaning set forth in Section 2.2(a).

"**Closing Date**" has the meaning set forth in Section 2.3.

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

"**Collaboration Agreement**" means that certain Collaboration Agreement between PDI, Inc. and the Company, dated August 19, 2013, as amended by the First Amendment to the Collaboration Agreement, dated August __, 2014 to which this Agreement is Exhibit A.

"**Company**" has the meaning set forth in the second paragraph of this Agreement. "**Company Documents**" has the meaning set forth in Section Article 4.2.

"**Company GAAP Liabilities**" means, without duplication, all liabilities of the Company as of the Closing Date (i) for Indebtedness or (ii) that would have been disclosed on a balance sheet of the Company prepared according to GAAP as of the Closing Date, including without limitation accounts payable, accrued but unpaid expenses, and other liabilities.

"**Confidential Information**" has the meaning set forth in Section 1 of the Confidential Disclosure Agreement dated May 7, 2013 between Buyer and the Company, as applicable to information relating to the businesses and affairs of the Company.

"Expenses" means all reasonable out-of-pocket expenses incurred in connection with defending any claim, action, suit or proceeding incident to any matter indemnified hereunder (including court filing fees, court costs, arbitration or mediation fees or costs, and reasonable fees and disbursements of legal counsel).

"**Extension Fee**" has the meaning set forth in the Collaboration Agreement.

"**FIRPTA Certificate**" means a statement complying with the relevant provisions of the Treasury Regulations under Code Section 1445 certifying as to a Seller's non-foreign status.

"**Fundamental Representations**" means the representations Sections 7.1 through 7.5 (inclusive), 7.7, 7.12, and 7.21 of Exhibit B to the Collaboration Agreement.

"**GAAP**" means United States generally accepted accounting principles as in effect from time to time.

"**Governmental Body**" means any United States or foreign government, whether federal, state, municipal or local, or other governmental, legislative, executive or judicial authority, commission or regulatory body.

"[***][3]" means [***], an individual and the principal stockholder of the Company.

"**Indebtedness**" of any Person means, without duplication, (i) the principal, accreted value, accrued and unpaid interest, prepayment and redemption premiums or penalties (if any), unpaid fees or expenses and other monetary obligations in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable and other accrued current liabilities arising in the Ordinary Course (other than the current liability portion of any indebtedness for borrowed money)); (iii) all obligations of such Person under leases required to be capitalized in accordance with GAAP; (iv) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction; (v) all obligations of such Person under interest rate or currency swap transactions (valued at the termination value thereof); (vi) the liquidation value, accrued and unpaid dividends, prepayment or redemption premiums and penalties (if any), unpaid fees or expenses and other monetary obligations in respect of any redeemable preferred stock of such Person; (vii) all obligations of any other Persons of the type referred to in clauses (i) through (vi), the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; and (viii) all obligations of the type referred to in clauses (i) through (vii) of other Persons secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Security Interest on any property or asset of such Person (whether or not such obligation is assumed by such Person).

"**Indemnification Threshold**" has the meaning set forth in Section 7.4(a). "**Indemnified Party**" has the meaning set forth in Section 7.5(a). "**Indemnitor**" has the meaning set forth in Section 7.5(a). "IRS" means the Internal Revenue Service.

"**Legal Proceeding**" means any action, suit, proceeding, hearing, mediation, claim (including any counterclaim), notice or other assertion of legal liability or investigation of, in, or before any Governmental Body or before any arbitrator.

"**Litigating Party**" has the meaning set forth in Section 5.2.

"**Losses**" means any and all losses, costs, obligations, liabilities, settlement payments, awards, judgments, fines, penalties, damages (including incidental damages, but excluding indirect, consequential, exemplary and punitive damages except to the extent such damages are payable to a third party), reasonable expenses, deficiencies, debts, adverse claims or other charges (whether in contract, tort, strict liability or otherwise).

"**Material Adverse Change**" means any change, effect, event, occurrence or state of facts that is materially adverse to (a) the business, properties, assets, financial condition, prospects or results of operations of the Company, taken as a whole or (b) the ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated hereby; provided, however, any adverse change, effect or circumstance resulting from general economic factors affecting the economy as a whole, to the extent that such factors do not have a disproportionate effect on the Company relative to other companies operating in the molecular diagnostics industry, that materially impair the Company's ability to conduct its

[3] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

operations shall not be deemed in themselves, either alone or in combination, to constitute, and shall not be taken into account in determining whether there has been, a Material Adverse Change.

"**Net Closing Payment**" has the meaning set forth in Section 2.2(a).

"**Ordinary Course**" means any transaction relating to the Company which constitutes an ordinary day-to-day business activity of the Company reasonably consistent with past practice of the Company.

"**Organic Documents**" means, with respect to a corporation, such corporation's charter or certificate of incorporation and by-laws, or, with respect to a general or limited partnership, such partnership's general or limited partnership agreement, or, with respect to a limited liability company, such limited liability company's certificate of formation and operating agreement.

"**Parties**" means the Buyer and the Sellers, collectively, and "**Party**" means any one of them.

"**Person**" means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization or other entity.

"[***][4] **Loan**" has the meaning set forth in the Collaboration Agreement.

"**Post-Closing Tax Period**" means any taxable period beginning after the Closing Date and the portion of any Straddle Period ending after the Closing Date.

"**Pre-Closing Tax Period**" means any taxable period ending on or before the Closing Date and the portion of any Straddle Period ending on the Closing Date.

"**Restricted Business**" means any business or other enterprise involved in the development or commercialization of any products, services or technology for, or related to, diagnosis of thyroid cancer or diagnosis of kidney rejection.

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

"**Security Interest**" means any mortgage, pledge, lien, deed of trust, claim, lease, option, right of first refusal, easement, servitude, proxy, voting trust or agreement, transfer restriction under any shareholder or similar agreement, encumbrance, charge, or other security interest, restriction or limitation.

"**Seller Documents**" has the meaning set forth in Section 3. 1(a). '**Seller Indemnitees**" has the meaning set forth in Section 7.3. "**Seller Representative**" has the meaning set forth in Section 8.1. '**Sellers**" has the meaning set forth in the first paragraph of this Agreement. "**Shares**" has the meaning set forth in the recitals of this Agreement. "**Straddle Period**" has the meaning set forth in Section 5.5(c)(i).

"**Tax**" means (i) any federal, state, local or foreign net income, alternative or add-on minimum, gross income, gross receipts, property, sales, franchise, use, value added, transfer, gains, capital gains, license, excise, employment, payroll, withholding, capital, ad valorem, profits, inventory, capital stock, social security, unemployment, severance, stamp, occupation, estimated or minimum tax, or any other tax, custom duty, governmental fee or other like assessment or charge of any kind whatsoever, (ii) any interest, penalty, fine, addition to tax or additional amount imposed by any Governmental Body in connection with any item

[4] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

described in clause (i) and (iii) any liability in respect of any item described in clause (i) or (ii) payable by reason of contract, assumption, transferee liability, operation of law, Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under law) or otherwise.

"**Tax Claim**" has the meaning set forth in Section 5.5(f).

"Tax **Return**" means any return, report or similar statement required to be filed with respect to any Taxes (including any attached schedules), including any information return, claim for refund, amended return and declaration of estimated Tax.

"**Taxing Authority**" means the IRS and any other Governmental Body responsible for the administration of any Tax.

"**Third Party Claim**" has the meaning set forth in Section 7.6(a).

"**Total Consideration**" means the sum of (i) One Million Five Hundred Thousand Dollars ($1,500,000), (ii) the PDI Commercialization Expenditures (as defined in the Collaboration Agreement), (iii) the Closing Consideration and (iv) the Royalty Payments (as defined in the Collaboration Agreement).

"**Treasury Regulations**" means the U.S. Department of Treasury regulations promulgated under the Code, including any successor provisions thereto.

1.2 Construction

The Parties have participated jointly in the negotiation and preparation of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

1.3 Headings

The division of this Agreement into articles, sections, subsections, and exhibits and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The article, section, subSection and exhibit headings in this Agreement are not intended to be full or precise descriptions of the text to which they refer and are not to be considered part of this Agreement.

1.4 Number and Gender

In this Agreement, words in the singular include the plural and vice-versa and words in one gender include all genders.

1.5 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the "Knowledge" of a natural Person, it shall be deemed to refer to knowledge of such Person after due inquiry, and where any representation or warranty contained in this Agreement is expressly qualified by reference to the "Knowledge" of a Person that is not an individual, it shall be deemed to refer to the knowledge after due inquiry of such Person's directors and executive officers (including, in the case of the Company,

[***][5]) and all other officers and managers having responsibility relating to the applicable matter.

1.6 Statutes

Unless specified otherwise, reference in this Agreement to a statute refers to that statute or to any amended or restated legislation of comparable effect. Reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

1.7 "Including", "Herein" and References

The word "including" means "including without limitation" and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it. All uses of the words "herein", "hereto", "hereof", "hereby" and "hereunder" and similar expressions refer to this Agreement and not to any particular Section or portion of it. References to an Article, Section, Subsection or Exhibit refer to the applicable article, section, subsection or exhibit of this Agreement.

2. **PURCHASE AND SALE; CLOSING**

2.1 Purchase and Sale of Shares

Upon the terms and subject to the conditions of this Agreement, on the Closing Date each Seller shall sell, transfer, assign, convey and deliver to Buyer, and Buyer shall purchase from each Seller, all of such Seller's Shares, free and clear of any and all Security Interests.

2.2 Purchase Price

(a) In consideration for the Shares, at the Closing:

(i) the Buyer will pay to the Sellers at Closing an aggregate amount equal to *(x)* Three Million Dollars ($3,000,000), less *(y)* the sum of (A) any Extension Fee paid pursuant to the Collaboration Agreement and (B) the amount of any liabilities identified on Exhibit 2.2(a) and any other Company GAAP Liabilities (to the extent not paid by the Company prior to the Closing Date), by wire transfer of immediately available funds to the Sellers (the difference of *(x)* minus *(y)*, the "**Net Closing Payment**");

(ii) the Buyer will pay the amount of liabilities specified on Exhibit 2.2(a) to such account or accounts specified by the Company for immediate distribution in payment of the liabilities set forth on Exhibit 2.2(a); provided, however, that in no event shall the amounts payable under this Section 2(a)(ii) exceed an amount equal to Three Million Dollars ($3,000,000) minus the Company GAAP Liabilities that are not specified on Exhibit 2.2(a); and

(iii) the then outstanding amount of the [***] Loan shall be reduced to zero, ((i), (ii) and (iii) collectively, the" **Closing Consideration**")

[5] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

(b) (i) The Buyer shall pay to [***] in his capacity as Seller Representative for further distribution to the Sellers at the Closing, the Net Closing Payment, by wire transfer of immediately available funds to the accounts in the United States specified by [***][6] in writing to the Buyer at least three (3) Business Days prior to the Closing.

(c) In the event any Company GAAP Liabilities are identified within two (2) years after Closing that were not deducted from the Net Closing Payment as required by Section 2.2(a), Sellers shall reimburse Buyer for each and every such Company GAAP Liability within five (5) Business Days after receiving the Buyer's written demand therefor. Subject to Section7.4(d), the foregoing does not limit or modify the indemnification obligations in Article 7.

2.3 Closing; Closing Date

The closing of the transactions contemplated by this Agreement (the "Closing") shall take place concurrently with the execution hereof at the offices of [***] at [address] (or at such other place as shall be agreed upon by the parties hereto in writing) at 10:00 a.m. (local time) on the date hereof (the "Closing Date"), unless another time or date is agreed to in writing by the Parties hereto.

2.4 Deliveries at the Closing

At the Closing, (i) the Sellers will deliver to the Buyer the various certificates, instruments, and documents referred to in Section 6.1 below, including duly executed instruments of transfer or assignment representing all of his or her Shares, (ii) the Buyer will deliver to the Sellers the various certificates, instruments, and documents referred to in Section 6.2 below, and (iii) the Buyer will deliver to [***] in his capacity as Seller Representative for further distribution to each of the Sellers the amounts required pursuant to Section 2.2(b) above.

2.5 Conditions to the Sellers' Obligations at Closing

The obligations of the Sellers to sell the Shares to the Buyer at the Closing are subject to PDI's full payment of all undisputed invoices, and the Parties' good faith resolution of all disputed invoices, submitted by [***][7] to PDI pursuant to Section 2.1(f) of the Collaboration Agreement.

3. REPRESENTATIONS AND WARRANTIES CONCERNING THE TRANSACTION

3.1 Representations and Warranties of the Sellers

Each of the Sellers represents and warrants to the Buyer that, with respect to himself or herself:

(a) Authorization of Transaction. The Seller has full power and authority to execute and deliver this Agreement and each other agreement, document, or instrument or certificate contemplated by this Agreement or to be executed by the Seller in connection with the transactions contemplated by this Agreement (the "Seller Documents") and to perform his or her obligations hereunder and

[6] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

[7] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement has been, and each of the Seller Documents will be at or prior to the Closing, duly and validly executed and delivered by the Seller and (assuming due authorization, execution and delivery by the Buyer) this Agreement constitutes, and each of the Seller Documents when so executed and delivered will constitute, the valid and legally binding obligation of the Seller, enforceable in accordance with their respective terms and conditions.

(b) Noncontravention.

(i) Except as disclosed in Exhibit 3.1 (b), neither the execution and the delivery of this Agreement nor any of the Seller Documents, nor the consummation of the transactions contemplated hereby or thereby, will violate any Applicable Law to which the Seller is subject.

(ii) Except as disclosed in Exhibit 3.1 (b), neither the execution and the delivery of this Agreement nor any of the Seller Documents, nor the consummation of the transactions contemplated hereby or thereby, will conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice or consent under any agreement, contract, lease, license, instrument, or other arrangement to which the Seller is a party or by which he or she is bound or to which any of his or her assets are subject. Except as otherwise disclosed in Exhibit 3. 1(b), the Seller does not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Person or Governmental Body in connection with the execution and delivery of this Agreement and the Seller Documents or in order for the Parties to consummate the transactions contemplated by this Agreement.

(c) Brokers' Fees. Except as disclosed in Exhibit 3.1(c), the Seller has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(d) Ownership. Except as disclosed in Exhibit 3.1(d), (i) the Seller holds of record and owns beneficially his or her Shares, free and clear of any restrictions on transfer (other than any restrictions under the Securities Act, state securities laws and restrictions in favor of Buyer pursuant to the Collaboration Agreement), Security Interests, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands, and holds no other rights to acquire any additional capital stock or other equity interests from the Company, (ii) the Seller is not a party to any option, warrant, purchase right, or other contract or commitment that could require the Seller to sell, transfer, or otherwise dispose of any capital stock or other equity interests of the Company (other than those in favor of Buyer under this Agreement and the Collaboration Agreement), (iii) the Seller is not a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any capital stock or other equity interests of the Company and (iv) the Seller has the power and authority to sell, transfer, assign and deliver the Shares, and such delivery will convey to Buyer good and marketable title to such Shares, free and clear of any and all Security Interests.

(e) No Claims or Disputes. No Seller currently has any claim or dispute with any other Seller, the Company or any of the Company's managers or any other Person of any nature relating in any way to the Company, the business and operations of the Company or such Seller's ownership of Shares in the Company, including, but not limited to, disputes concerning wages, taxes and distributions.

There is no Legal Proceeding pending, or to the Knowledge of the Seller threatened, against the Seller or to which the Seller is otherwise a party relating to this Agreement or the Seller Documents or the transactions contemplated hereby.

(f) Litigation. There is no Legal Proceeding against Seller or to which Seller is otherwise a party that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To the Seller's Knowledge, no event has occurred or circumstances exist that does or could result in or serve as a basis for any such Legal Proceeding.

3.2 Representations and Warranties of the Buyer

The Buyer represents and warrants to the Sellers that:

(a) Organization of the Buyer. The Buyer is a corporation duly formed, validly existing, and in good standing under the laws of Delaware.

(b) Authorization of Transaction. The Buyer has full power and authority to execute and deliver this Agreement and each other agreement, document, or instrument or certificate contemplated by this Agreement or to be executed by the Buyer in connection with the transactions contemplated by this Agreement (the "Buyer Documents") and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement has been, and each of the Buyer Documents will be at or prior to the Closing, duly and validly executed and delivered by the Buyer and (assuming due authorization, execution and delivery by each other Party thereto) this Agreement constitutes, and each of the Buyer Documents when so executed and delivered will constitute, the valid and legally binding obligation of the Buyer, enforceable in accordance with their respective terms and conditions.

(c) Noncontravention.

(i) Neither the execution and the delivery of this Agreement nor any of the Buyer Documents, nor the consummation of the transactions contemplated hereby or thereby, will violate any Applicable Law to which the Buyer is subject or any provision of its Organic Documents.

(ii) Neither the execution and the delivery of this Agreement nor any of the Buyer Documents, nor the consummation of the transactions contemplated hereby or thereby, will conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Buyer is a party or by which it is bound or to which any of its assets are subject. Except as otherwise disclosed in Exhibit 3.2(c), the Buyer does not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Person or Governmental Body in connection with the execution and delivery of this Agreement and the Buyer Documents or in order for the Parties to consummate the transactions contemplated by this Agreement.

(d) Brokers' Fees. The Buyer has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which any Seller could become liable or obligated.

(e) Litigation. There is no Legal Proceeding against Buyer or to which Buyer is otherwise a party that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To the Buyer's Knowledge, no event has occurred or circumstances exist that does or could result in or serve as a basis for any such Legal Proceeding.

(f) Sufficiency of Funds. At the Closing Date, and at such time as payment may be required to be made by the Buyer under this Agreement and/or the Collaboration Agreement, the Buyer will have sufficient funds available to it to permit the Buyer to pay all amounts payable to the Sellers, including the Closing Consideration.

(g) (x) Investment Intent. The Shares are being purchased for the Buyer's own account, for investment purposes only and not with the view to, or for resale in connection with, any distribution or public offering thereof (within the meaning of such terms in the Securities Act). The Buyer understands that the Shares have not been registered under the Securities Act and cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is available. The Buyer is an "accredited investor" within the meaning of Rule 501 under the Securities Act.

(h) Disclosure of Information. The Buyer has had an opportunity to discuss the Company's business, management, and financial affairs with the Company's management. The foregoing, however, does not limit or modify the representations and warranties of the Company in Article 4 of this Agreement or the right of the Buyer to rely thereon.

4. REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANY

[***][8] represents and warrants to the Buyer that:

4.1 Organization, Qualification, and Corporate Power

The Company is a corporation duly organized, validly existing and in good standing under the laws of Delaware, and duly authorized to conduct business and in good standing under the laws of each jurisdiction where qualification is required, except for jurisdictions where the failure to be so qualified would not cause the Company to experience a Material Adverse Change. The Company has full power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. Exhibit 4.1 lists the directors and officers of the Company.

4.2 Authorization of Transaction

The Company has full power and authority to execute and deliver each agreement, document, or instrument or certificate contemplated by this Agreement or to be executed by it in connection with the

[8] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

transactions contemplated by this Agreement (collectively, the "**Company Documents**") **,** and to perform its obligations thereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance of each of the Company Documents, and the consummation of the transactions contemplated thereby, have been duly authorized and approved by all required action on the part of the Company. Each of the Company Documents will be at or prior to the Closing, duly and validly executed and delivered by the Company, and (assuming due authorization, execution and delivery by Buyer) each of the Company Documents to which the Company is a party, when so executed and delivered, will constitute, the valid and legally binding obligation of the Company, enforceable in accordance with their respective terms and conditions.

4.3 Capitalization

The entire authorized capital stock of the Company consists of 10,000,000 voting shares of Common Stock, of which 2,060,000 shares of Common Stock are issued and outstanding as of the date hereof. All of the issued and outstanding shares of Common Stock have been duly authorized, are validly issued, fully paid, and nonassessable, are held of record by the Sellers as disclosed in Exhibit 4.3 and were not issued to or acquired by the Sellers in violation of any Applicable Law applicable to the Company, or of any agreement to which the Company is a party, or of any preemptive rights granted by the Company or, to the Knowledge of the Company, any other Person. Except as disclosed in Exhibit 4.3, (i) no shares of capital stock or other equity interests of the Company are reserved for issuances or are held as treasury shares, (ii) there are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments relating to the capital stock or other equity interests of the Company, granted by the Company or, to the Knowledge of the Company, any other Person, (iii) there are no outstanding or authorized stock appreciation, phantom stock, profit participation, or similar rights with respect to the Company, (iv) there are no obligations, contingent or otherwise, of the Company or, to the Knowledge of the Company, any of the Sellers or any other Persons, to purchase, redeem or otherwise acquire any capital stock or other equity interests of the Company, (v) there are no agreements or understandings, including voting trusts and proxies, among or by the Company and any of the Sellers or any other Persons with respect to the Company, and (vi) there are no dividends which have accrued or have been declared but are unpaid on the capital stock or other equity interests of the Company.

4.4 NONCONTRAVENTION

(a) Except as disclosed in Exhibit 4.4, neither the execution and the delivery of this Agreement or the Company Documents, nor the consummation of the transactions contemplated hereby, will violate any Applicable Law to which the Company is subject or any provision of the Organic Documents of the Company.

(b) Except as disclosed in Exhibit 4.4, neither the execution and the delivery of this Agreement or the Company Documents, nor the consummation of the transactions contemplated hereby, will conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice or consent under any material agreement, contract, lease, license, instrument, or other arrangement to which the Company is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Security Interest upon any of its assets). Except as disclosed in Exhibit 4.4, the Company does not need to give any notice to, make any filing with, or obtain any authorization, consent (all of which have already been obtained), or approval of any Person or Governmental Body

in connection with the execution and delivery of this Agreement and the Company Documents and in order for the Parties to consummate the transactions contemplated by this Agreement.

4.5 Brokers' Fees

Except as disclosed in Exhibit 4.5, the Company has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

4.6 Other Matters

Attached hereto as Exhibit 4.6 is an update to the representations contained in Exhibit B to the Collaboration Agreement and updated counterparts of the exhibits to the Collaboration Agreement referred to in Exhibit B of the Collaboration Agreement. The representations and warranties in Exhibit 4.6 are true and correct, in each case, as of the date of this Agreement and as of the Closing as though made at and as of the Closing, except to the extent such representations and warranties expressly speak as of an earlier date (in which case such representations and warranties are true and correct on and as of such earlier date).

4.7 Performance under Collaboration Agreement

The Company has complied in all material respects with the terms and conditions of the Collaboration Agreement, the Company is not in material breach or default under the Collaboration Agreement, and no event has occurred which with notice or lapse of time would constitute a material breach or default, or permit termination, modification, or acceleration, under the Collaboration Agreement.

5. POST-CLOSING COVENANTS

The Parties agree as follows with respect to the period following the Closing.

5.1 Access to Records

After the Closing, Buyer will cause the Company to allow the Seller Representative to inspect, for all proper purposes, any and all books and records of the Company existing on the Closing Date as may be reasonably required in order to allow the Sellers to comply with their obligations to Buyer or third parties in connection with any Legal Proceedings, except that Buyer shall not be required to provide access to such books and records in connection with a dispute between Buyer and the Company and/or any Seller; provided, that such access will be upon reasonable prior written notice, during normal business hours, at Sellers' expense and conducted in a manner so as not to unreasonably interfere with the Company's business.

5.2 Litigation Support

In the event and for so long as any Party (the "**Litigating Party**") is actively contesting or defending against any Legal Proceeding in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving the Company, each of the other Parties will reasonably cooperate with the Litigating Party and his or its counsel in the contest or defense, and make available their personnel and provide such testimony and access to their books and records as shall be reasonably necessary in connection with the contest or defense, all at the sole cost and expense of the Litigating Party (except as otherwise provided in Article 7), provided that this Section 5.2 shall not apply in respect of any Legal Proceeding brought against the Litigating Party by any other Party hereto.

5.3 Non-Competition; Non-Solicitation

(a) [***][9] agrees that for a period of three (3) years from and after the Closing Date, neither he nor any of his Affiliates shall, directly or indirectly, own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, engaged in a Restricted Business; provided, however, that the restrictions contained in this Section 5.3(a) shall not restrict the acquisition by [***][10] or any of his Affiliates, directly or indirectly, of less than 2% of the outstanding capital stock of any publicly traded company engaged in a Restricted Business.

(b) [***][11] agrees that for a period of three (3) years from and after the Closing Date, neither he nor any of his Affiliates shall, directly or indirectly: (i) cause, solicit, induce or encourage any employees of the Company to leave such employment or hire, employ or otherwise engage any such individual; or (ii) cause, induce or encourage any material actual or prospective client, customer, supplier, or licensor of the Company (including any existing or former customer of the Company and any Person that becomes a client or customer of the Company after the Closing) or any other Person who has a material business relationship with the Company to terminate or modify any such actual or prospective relationship.

5.4 Confidentiality

Each of the Sellers will treat and hold as confidential all of the Confidential Information, refrain from using any of the Confidential Information except in connection with this Agreement, Article 5 of the Collaboration Agreement and/or Section 11.12 of the Collaboration Agreement, and deliver promptly to the Buyer or destroy, at the request and option of the Buyer, all tangible embodiments of the Confidential Information which are in his or its possession; provided, however, that the Sellers may retain, and shall have no obligation to return to Buyer or destroy, any information provided to the Sellers pursuant to Article 5 of the Collaboration Agreement or generated in connection with the undertakings described in Section 11.12 of the Collaboration Agreement. In the event that any of the Sellers is requested or required (by oral question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process) to disclose any Confidential Information, that Seller will notify the Buyer promptly of the request or requirement so that the Buyer may seek an appropriate protective order or waive compliance with the provisions of this Section 5.4 at the Buyer's expense.

5.5 Tax Matters

(a) Tax Indemnity.

(i) The Sellers hereby agree collectively, in proportion to their respective pro rata share of the Total

[9] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

[10] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

[11] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

Consideration, to be liable for and to indemnify and hold the Buyer Indemnitees harmless from and against, and pay to the Buyer Indemnitees, the amount of any and all Losses in respect of (i) all Taxes of the Company (or any predecessor thereof) for any Pre-Closing Tax Period (determined as provided in Section 5.5(c)); (ii) the failure of any of the representations and warranties contained in Section 7.12 of Exhibit 4.6 to be true and correct in all respects (determined without regard to any qualification related to materiality or Knowledge contained therein) or the failure to perform any covenant contained in this Agreement with respect to Taxes; and (iii) any failure by the Sellers to timely pay any and all Taxes required to be borne by the Sellers pursuant to Section 8.12.

(ii) The Buyer hereby agrees to be liable for and to indemnify and hold the Seller Indemnitees harmless from and against, and pay to the Seller Indemnitees, the amount of any and all Losses in respect of *(x)* all Taxes of the Company (or any predecessor thereof) for any Post-Closing Tax Period; and *(y)* the failure of the Buyer to perform any covenant contained in this Agreement with respect to Taxes.

(b) Tax Returns; Payment of Taxes.

(i) Prior to the Closing Date, the Company shall timely prepare and file with the appropriate Taxing Authorities all Tax Returns required to be filed on or before the Closing Date and shall pay all Taxes due with respect to such Tax Returns or owed (whether or not shown to be due on any Tax Returns).

(ii) Buyer shall cause the Company to timely prepare and file with the appropriate Taxing Authorities all Tax Returns related to the Company not described in subsection (i) above and, subject to the rights to payment from the Sellers under subsection (iii) below, shall cause the Company to pay all Taxes due with respect to such Tax Returns or owed (whether or not shown to be due on any Tax Returns). In the case of any Tax Return required to be filed pursuant to this subsection (ii) that reflects Taxes that are the subject of indemnification by the Sellers under Section 5.5(a), above, Buyer shall provide the Seller Representative at least fifteen (15) Business Days before filing with copies of such completed Tax Returns, along with supporting workpapers, for the review and approval of the Seller Representative, such approval not to be unreasonably withheld or delayed. The Seller Representative and the Buyer shall attempt in good faith to resolve any disagreements regarding such Tax Returns prior to the due date for filing. In the event that the Seller Representative and the Buyer are unable to resolve any dispute with respect to such Tax Returns prior to the due date for filing, such dispute shall be resolved pursuant to Section 5.5(g), which resolution shall be binding on the parties.

(iii) Not later than ten (10) Business Days prior to the due date for the payment of Taxes on any Tax Returns for which the Buyer has filing responsibility pursuant to subsection (ii), the Sellers shall pay to the Buyer the amount of Taxes owed by the Sellers, as reasonably determined by the Buyer in accordance with the provisions of Section 5.5(a) and 5.5(c). No payment pursuant to this subsection (iii) shall excuse the Sellers from their indemnification obligations pursuant to Section 5.5(a) if the amount of Taxes for which Sellers are liable under this Agreement as ultimately determined (on audit or otherwise) for the periods covered by such Tax Returns exceeds the amount of the Sellers' payment under this Section 5.5(b)(iii). If the amount of Taxes for which Sellers are liable under this Agreement as ultimately determined (on audit or otherwise) for the periods covered by such Tax Returns is less than the amount of the Sellers' payment under this Section 5.5(b)(iii),

the Buyer shall reimburse to Sellers the amount of such overpayment not later than ten (10) Business Days following the date of such ultimate determination.

(c) Allocations; Straddle Period.

(i) In any case in which a Tax is assessed with respect to a taxable period that includes the Closing Date (but does not begin or end on that day) (a "**Straddle Period**"**),** the Taxes of the Company, if any, attributable to a Straddle Period shall be allocated (i) to Sellers for the period up to and including the close of business on the Closing Date, and (ii) to Buyer for the period subsequent to the Closing Date. Any allocation of income or deductions required to determine any Taxes attributable to a Straddle Period shall be made by means of a closing of the books and records of the Company as of the close of business on the Closing Date, provided that exemptions, allowances or deductions that are calculated on an annual basis (including, but not limited to, depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period after the Closing Date in proportion to the number of days in each such period.

(ii) To the extent that Taxes are not apportioned pursuant to Section 5.5(c)(i) using the closing of the books method, such as in the case of real, personal and intangible property Taxes, the amount of these Taxes shall be allocated to the Pre-Closing and Post-Closing Tax Periods based on a fraction, the denominator of which is the number of days during such Tax Period and the numerator of which is the number of days in the Straddle Period.

(d) Cooperation. The Seller Representative, the Company, and the Buyer shall reasonably cooperate, and shall cause their respective Affiliates, officers, employees, agents, auditors and representatives reasonably to cooperate, in preparing and filing all Tax Returns (including amended Tax Returns, if any) and any other matters relating to Taxes, including maintaining and making available to each other all records necessary in connection with Taxes and in resolving Tax Claims.

(e) Tax Refunds. Any refund received by the Company of Taxes attributable to a Pre-Closing Tax Period (determined in accordance with Section 5.5(c)) shall be for the account of the Sellers; provided, however, that the Sellers shall not be entitled to any refund of Taxes to the extent such refund is attributable to the carryback of losses arising in or attributable to a taxable period (including the portion of any Straddle Period) beginning after the Closing Date to a Pre-Closing Tax Period. All other Company Tax refunds, including those described in clauses (i) and (ii) above, shall be for the account of the Buyer. The Buyer shall, and shall cause the Company to, forward any Tax refund received by the Company to which the Sellers may be entitled in accordance with this Section 5.5(e) to the Seller Representative for further distribution to the Sellers as promptly after such receipt as is commercially practicable.

(f) Tax Audits.

(i) If notice of any judicial, administrative or arbitral actions, suits, mediation, investigation, inquiry, proceedings or claims (including counterclaims) by or before any Taxing Authority with respect to Taxes of the Company (a " **Tax Claim**"**)** shall be received by any Party for which the other Party would be liable pursuant to Section 5.5(a), the notified Party shall notify such other Party in writing of such Tax Claim; provided, however, that the failure of the notified Party to give the other Party

notice as provided herein shall not relieve such failing Party of its obligations under this Section 5.5 except to the extent that the other Party is actually and materially prejudiced thereby.

(ii) The Seller Representative shall have the sole right to represent the interests of the Company in any Tax Claim relating exclusively to taxable periods ending on or before the Closing Date if and to the extent the Sellers are potentially liable for any Taxes resulting therefrom, and to employ counsel of their choice at their expense; provided, however, that the Seller Representative may not agree to a settlement or compromise thereof without the prior written consent of the Buyer, which consent shall not be unreasonably withheld or delayed; and provided, further, that if such Tax Claim involves an issue that recurs in a Post-Closing Tax Period of Buyer, the Company or any of their respective Affiliates or otherwise could adversely affect the Buyer, the Company or any or their respective Affiliates for a Post-Closing Tax Period, then (A) the Seller Representative and the Buyer shall jointly control the defense and settlement or compromise of any such Tax Claim and each Party shall cooperate with the other Party at its own expense, and (B) there shall be no settlement or closing or other agreement with respect thereto without the written consent of each of the Buyer and the Seller Representative, which consents shall not be unreasonably withheld or delayed.

(iii) In the case of any Tax Claim not described in (ii) above, the Buyer shall have the right, at the expense of the Sellers to the extent such Tax Claim is subject to indemnification by the Sellers pursuant to Section 5.5(a) hereof, to represent the interests of the Company; provided that in the case of any Tax Claim that is the subject of indemnification under Section 5.5(a), Buyer shall not settle such claim without the written consent of the Seller Representative, which consent shall not be unreasonably withheld or delayed.

(g) Disputes. Any dispute as to any matter covered under this Section 5.5 shall be resolved by an independent accounting firm mutually acceptable to the Seller Representative and the Buyer. The fees and expenses of such accounting firm shall be borne equally by the Sellers, on the one hand, and Buyer on the other. If any dispute with respect to a Tax Return is not resolved prior to the due date of such Tax Return, such Tax Return shall be filed in the manner which the Party responsible for preparing such Tax Return deems correct.

(h) Exclusivity. The indemnification provided for in this Section 5.5 shall be the sole remedy for any claim in respect of Taxes. In the event of a conflict between the provisions of this Section 5.5, on the one hand, and the provisions of Article 7, on the other, the provisions of this Section 5.5 shall control. For the avoidance of doubt, the limitations contemplated in Section 7.4 shall not apply to any recovery under Section 5.5(a) hereof.

6. DELIVERABLES AT CLOSING

6.1 Sellers' Deliverables

The obligation of the Buyer to consummate the transactions to be performed by it in connection with the Closing is subject to delivery of the following documents by Sellers:

(a) a certificate of an officer of the Company dated as of the Closing Date and certifying (i) that correct and complete copies of its Organic Documents are attached thereto, (ii) that correct and

complete copies of each resolution of its board of directors approving the Company Documents to which it is a party and authorizing the execution thereof and the consummation of the transactions contemplated thereby are attached thereto and (iii) the incumbency and signatures of the persons authorized to execute and deliver the Company Documents on behalf of the Company;

(b) the resignations, effective as of the Closing, and release of claims to fees or expenses of each director and officer of the Company whose resignation has been requested by the Buyer;

(c) duly executed instruments of assignment or transfer from each Seller with respect to all of his or her Shares;

(d) a FIRPTA Certificate in form and substance satisfactory to the Buyer; and

(e) such other documents and instruments as may be required by any other provision of this Agreement or as may reasonably be required to consummate the transactions contemplated by this Agreement, each in form and substance reasonably satisfactory to the Buyer.

The Buyer may waive any of the foregoing deliverables specified in this Section 6.1 if it executes a writing so stating at or prior to the Closing.

6.2 Buyer's Deliverables

The obligation of the Sellers to consummate the transactions to be performed by them in connection with the Closing is subject to Buyer's payment of the Closing Consideration as provided in Section 2.2 and delivery of the following documents by Buyer:

(a) a certificate of an officer of the Buyer dated as of the Closing Date and certifying (i) that correct and complete copies of its Organic Documents are attached thereto, (ii) that correct and complete copies of each resolution of its board of directors approving the Buyer Documents to which it is a party and authorizing the execution thereof and the consummation of the transactions contemplated thereby are attached thereto and (iii) the incumbency and signatures of the persons authorized to execute and deliver the Buyer Documents on behalf of the Buyer;

(b) such other documents and instruments as may be required by any other provision of this Agreement or as may reasonably be required to consummate the transactions contemplated by this Agreement, each in form and substance reasonably satisfactory to the Sellers.

The Sellers may waive any of the foregoing deliverables condition specified in this Section 6.2 if they execute a writing so stating at or prior to the Closing.

7. REMEDIES FOR BREACHES OF THIS AGREEMENT

7.1 Survival of Representations and Warranties

The representations and warranties in this Agreement and in any certificate delivered pursuant hereto shall survive the Closing and shall terminate at the close of business on the date two (2) years following the Closing Date, except that the representations and warranties of the Sellers contained in Sections 7.11 and 7.14 of Exhibit 4.6 and in Section 4.7 hereof shall survive the Closing and shall terminate at the close of

business on the date three (3) years following the Closing Date, and except further that the representations and warranties of the Sellers contained in Sections 3.1 (a), (b)(i) and (c)-(f), 4.1, 4.2, 4.3, 4.4(a), 4.5 and 4.6 to the extent such Section 4.6 relates to the Fundamental Representations, and of the Buyer contained in Sections 3.2(a)-(c)(i) and (d)-(h), shall survive until 90 days after the expiration of the applicable underlying statute of limitations; provided, however, that any obligations under Section 7.2 or 7.3 shall not terminate with respect to any Losses and Expenses as to which the Person to be indemnified shall have given notice (stating in reasonable detail the basis of the claim for indemnification) to the identifying party in accordance with Section 7.4(a) before the termination of the applicable period for survival of the representation and warranty pursuant to this Section 7.1.

7.2 Indemnification of Buyer

(a) Each Seller shall severally (but not jointly) defend and indemnify the Buyer, its Affiliates (including the Company) and each of their officers, directors, employees, stockholders, agents and representatives (collectively, the "**Buyer Indemnitees**"**)** against and hold them harmless from any Losses and Expenses suffered or incurred by any such Buyer Indemnitee arising from, relating to or otherwise:

(i) based upon, attributable to or resulting from the failure of any representation or warranty made by such Seller in Section 3.1 or in any Seller Document of such Seller to be true and correct in all respects as of the date hereof and at and as of the Closing Date; or

(ii) based upon, attributable to or resulting from any breach of any covenant or other agreement of such Seller under this Agreement or any Seller Document of such Seller.

(b) [***][12] shall defend and indemnify the Buyer Indemnitees against and hold them harmless from any Losses and Expenses suffered or incurred by any such Buyer Indemnitee arising from, relating to or otherwise:

(i) based upon, attributable to or resulting from the failure of any representation or warranty made by [***] [13] in Article 4 of this Agreement or by the Company in any Company Document, as the case may be, to be true and correct in all respects as of the date hereof and at and as of the Closing Date;

(ii) any claim in relation to Taxes, as provided in Section 5.5; and

(iii) based upon, attributable to or resulting from that certain engagement letter between the Company and Torreya Capital, a division of the Financial West Investment Group, dated October 4, 2012 including any and all amounts now or hereafter payable by the Company under or in connection with such agreement.

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[12] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

[13] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

7.3 Indemnification of Sellers

The Buyer shall defend and indemnify the Sellers and their respective Affiliates, agents, attorneys, representatives, successors and permitted assigns (collectively, the "**Seller Indemnitees**"**)** against and hold them harmless from any Losses and Expenses suffered or incurred by any Seller arising from, relating to or otherwise:

(a) based upon, attributable to or resulting from the failure of any representation or warranty made by the Buyer in this Agreement or in any Buyer Document, as the case may be, to be true and correct in all respects as of the date hereof and at and as of the Closing Date;

(b) based upon, attributable to or resulting from any breach of any covenant or other agreement of the Buyer under this Agreement or any Buyer Document; and

(c) based upon, attributable to or resulting from any breach of any covenant or other agreement of the Buyer under Sections 5. 1(c) or 11.12 of the Collaboration Agreement.

7.4 Limitations on Indemnification for Breaches of Representations and Warranties

(a) **[***]**[14] shall not have any liability under Section 7.2(b)(i) unless the aggregate of all Losses and Expenses relating thereto for which [***] would, but for this proviso, be liable to indemnify all Indemnified Parties exceeds on a cumulative basis Fifty Thousand Dollars ($50,000) (the "**Indemnification Threshold**"), and then only to the extent the aggregate amount of such Losses and Expenses exceed the Indemnification Threshold.

(b) The aggregate amount of all Losses and Expenses for which (i) the Sellers in the aggregate shall be liable pursuant to Sections 7.2(a) or 7.2(b) shall not exceed the Total Consideration and (ii) any Seller individually shall be liable pursuant to Sections 7.2(a) shall not exceed such Seller's pro rata portion of the Total Consideration. The aggregate amount of all Losses and Expenses for which Buyer shall be liable pursuant to 7.3 shall not exceed the Total Consideration.

(c) The limitations on indemnification set forth in Sections 7.4(a) and Section 7.4(b) shall not apply to Losses and Expenses related to the failure to be true and correct of any of the representations and warranties contained in Sections 3.1 (a), 3.1(b)(i), 3.1(c)-(f), 3.2(a)-(c)(i), 3.2(d)-(h), 4.1, 4.2, 4.3, 4.4(a), 4.5 and 4.6 to the extent such Section 4.6 relates to the Fundamental Representations.

(d) In the event a Party is entitled to recover the same Losses under more than one provision of this Agreement, such Party shall only be permitted to recover such Losses one time, and without duplication.

(e) Notwithstanding the foregoing, this Section 7.4 shall not (i) limit the rights of the Parties to seek equitable remedies (including specific performance or injunctive relief) or (ii) apply in respect of any claim of fraud, including any tort claim or cause of action based upon, arising out of or related to any intentional misrepresentation made in or in connection with this Agreement or as an

[14] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

inducement to enter into this Agreement.

(f) Subject to Section 7.4(d), the Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims on the part of any other Party hereto in connection with the transactions contemplated by this Agreement for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article 7.

7.5 Notice of Claim

(a) Any Party seeking indemnification hereunder (the " **Indemnified Party**") shall give to the Party obligated to provide indemnification to such Indemnified Party (the "**Indemnitor**") a notice (a "**Claim Notice**") describing in reasonable detail the facts giving rise to any claim for indemnification hereunder and shall include in such Claim Notice a reference to the provision of this Agreement, Seller Document, Company Document or Buyer Document upon which such claim is based; provided, that a Claim Notice in respect of any Legal Proceeding by or against a third Person as to which indemnification will be sought shall be given, promptly reasonable after the action or suit is commenced; and provided, further, that failure to give such notice shall not relieve the Indemnitor of its obligations hereunder except to the extent it shall have been actually prejudiced by such failure.

(b) After the giving of any Claim Notice pursuant hereto, the amount of indemnification to which an Indemnified Party shall be entitled under this Article 7 shall be determined: (i) by the written agreement between the Indemnified Party and the Indemnitor; (ii) by a final judgment or decree of any Governmental Body of competent jurisdiction; or (iii) by any other means to which the Indemnified Party and the Indemnitor shall agree. The judgment or decree of a court shall be deemed final when the time for appeal, if any, shall have expired and no appeal shall have been taken or when all appeals taken shall have been finally determined. Following such determination of the amount of indemnification, the Indemnified Party shall forward to the Indemnitor written notice of any sums due and owing by the Indemnitor and the Indemnitor shall pay all of such sums so due and owing within five (5) Business Days by wire transfer of immediately available funds.

7.6 Third Person or Governmental Body Claims

(a) The Indemnitor shall have the right to conduct and control, through counsel of its choosing, who is reasonably satisfied to the Indemnified Party, the defense, compromise or settlement of any third Person or Governmental Body claim, action or suit (a "**Third Party Claim**") against any Indemnified Party as to which indemnification will be sought by such Indemnified Party from such Indemnitor hereunder. If the Indemnitor acknowledges its obligation and elects to defend against, compromise, or, settle any Third Party Claim which relates to any Losses indemnified by it hereunder, it shall within five (5) Business Days of the Indemnified Party's claim notice with respect to such Third Party Claim in accordance with Section (a) (or sooner, if the nature of the Third Party Claim so requires) notify the Indemnified Party of its intent to do so; provided, that the Indemnitor must conduct the defense of the Third Party Claim actively and diligently thereafter in order to preserve its rights in this regard. If the Indemnitor elects not to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified against hereunder or fails to notify the Indemnified Party of its election as herein provided, the Indemnified Party may

defend against, negotiate, settle or otherwise deal with such Third Party Claim. The Parties shall, in connection with any Third Party Claim the Indemnitor has elected to defend against, compromise or settle, furnish such records, information as may be reasonably requested by the in connection therewith. The Indemnified Party may participate, through counsel chosen by it and at its own expense, in the defense of any Third Party Claim as to which the Indemnitor has so elected to conduct and control the defense compromise or settlement thereof; provided, however, that such Indemnified

Party shall be entitled to participate in any such defense with separate counsel at the expense of the Indemnitor, if (i) so requested by the Indemnitor to participate or (ii) in the reasonable opinion of counsel to the Indemnified Party, a conflict or potential conflict exists between the Indemnified Party and the Indemnitor that would make such separate representation advisable; and provided, further, that the Indemnitor shall not be required to pay for more than one such counsel for all Indemnified Parties in connection with any Third Party Claim. Notwithstanding anything in this Section 7.6 to the contrary, neither the Indemnitor nor the Indemnified Party shall, without the written consent of the other party, settle or compromise any Third Party Claim or permit a default or consent to entry of any judgment unless the claimant or claimants and such party provide to such other party an unqualified release from all liability in respect of the Third Party Claim.

(ggg) Notwithstanding the provisions of Section (a), in the event of any claim for injunctive or other equitable relief against the Buyer that would if successful reasonably be expected to have a material and continuing effect on the Company, and for which the Buyer would be entitled to indemnification, the Buyer may assume the defense of such claim at the cost and expense of the Sellers.

7.7 Purchase Price Adjustment

Any indemnification payment made by the Buyer or any Seller under this Article 7 or Section 5.5 shall be treated by the Buyer and the Sellers as an adjustment to the Closing Consideration for federal, state and local Tax purposes.

7.8 Calculation of Losses

Notwithstanding anything to the contrary set forth herein, solely for purposes of Section 7.2 in determining the amount of any Losses and Expenses suffered or incurred by any Buyer Indemnitee related to a breach of any representation or warranty of any Seller, but not whether there has occurred any such breach, the representations and warranties set forth in this Agreement shall be considered without regard to any “material,” “Material Adverse Change” or similar qualifications set forth therein.

7.9 NO Contribution

The Sellers shall have no right of contribution or other recourse against the Company or its directors, officers, employees, Affiliates, agents, attorneys, representatives, assigns or successors for any Third Party Claims asserted by the Buyer, it being acknowledged and agreed that the covenants and agreements of the Company are solely for the benefit of the Buyer.

7.10 Offset Rights

Buyer shall have the right to set off any amounts owed by the Sellers to Buyer under this Agreement against any amounts owed by Buyer to the Sellers under the Collaboration Agreement. If PDI intends to

exercise such right, it shall provide written notice to the Seller Representative, and if the Seller Representative disputes PDI's notice, the amount claimed to be subject to set-off shall thereafter be paid by PDI into escrow until the claim is resolved by (a) written agreement of PDI and the Seller Representative, or (b) a final, non-appealable judgment or decree of any Governmental Body. If such resolution upholds the set-off in whole or in part, the funds paid into escrow shall be released first to PDI in an amount equal to the amount of such determination, and the remaining escrow funds, if any, shall then promptly be released to the Seller Representative. If such resolution denies the set-off, the funds paid into escrow shall promptly be released to the Seller Representative. Notwithstanding the foregoing, all funds paid into escrow shall promptly be released to the Seller Representative if the dispute has not been resolved within 180 days after delivery by PDI of the applicable set-off notice to the Seller Representative, or such longer period as PDI and the Seller Representative may agree, if prior to the conclusion of such period neither PDI nor the Seller Representative has commenced a Legal Proceeding with respect to the claimed set-off.

8. MISCELLANEOUS

8.1 Seller Representative

(hhh) By virtue of the adoption of this Agreement by the Sellers other than [***][15], and without further action of any such Seller, each such Seller shall be deemed to have irrevocably constituted and appointed [***][16] (and by execution of this Agreement [***][17] hereby accepts such appointment) as agent and attorney-in-fact (in such capacity, the "Seller Representative") for and on behalf of the Sellers (in their capacity as such), with full power of substitution, to act in the name, place and stead of each Seller with respect to and in connection with and to facilitate the consummation of the transactions contemplated hereby, including the taking by the Seller Representative of any and all actions and the making of any decisions required or permitted to be taken by the Seller Representative under Section 2.2 or Article 7. The power of attorney granted in this Section 8.1 is coupled with an interest and is irrevocable, may be delegated by the Seller Representative and shall survive the death or incapacity of each Seller. No bond shall be required of the Seller Representative, and the Seller Representative shall receive no compensation for his services.

(vii) The Seller Representative shall not be liable to any Person for any act taken in good faith and in the exercise of his reasonable judgment and arising out of or in connection with the acceptance or administration of his duties under this Agreement (it being understood that any act done or omitted pursuant to the advice of legal counsel shall be conclusive evidence of such good faith and reasonable judgment), and shall not be liable for, and may seek indemnification from the Sellers for, any Losses incurred by the Seller Representative, except to the extent of any Losses actually incurred as a proximate result of the gross negligence or bad faith of the Seller Representative. The Seller Representative shall be entitled to recover any out-of-pocket costs and expenses reasonably incurred by the Seller Representative in connection with actions taken by the Seller Representative pursuant to the terms of Section 2.2 or Article 7 of this Agreement or Article 5 or Section 11.12 of the

[15] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

[16] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

[17] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

Collaboration Agreement (including the payment of brokers' fees and expenses, the hiring of legal counsel and the incurring of legal fees and costs), from the Sellers jointly and severally, including, without limitation, by deducting such costs and expenses from amounts otherwise distributable to the Sellers.

(jjj) From and after the date of this Agreement, any decision, act, consent or instruction of the Seller Representative with respect to Section 2.2 or Article 7 shall constitute a decision of all Sellers and shall be final, binding and conclusive upon each Seller, and the Buyer may rely upon any decision, act, consent or instruction of the Seller Representative as being the decision, act, consent or instruction of each Seller. Buyer is hereby relieved from any liability to any Person for any acts done by Buyer in accordance with any such decision, act, consent or instruction of the Seller Representative.

8.2 Press Releases and Public Announcements

No Party shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the Buyer and the Seller Representative; provided, however, that any Party may make any public disclosure it believes in good faith is required by Applicable Law or any listing or trading agreement concerning its publicly-traded securities (in which case the disclosing Party will use all commercially reasonable efforts to advise the other Parties prior to making the disclosure).

8.3 NO Third-Party Beneficiaries

Except as specifically provided in Section 8.5, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

8.4 Entire Agreement

This Agreement (including the documents referred to herein), the Seller Documents, the Company Documents, the Buyer Documents and the Confidentiality Agreement constitute the entire understanding and agreement among the Parties with respect to the subject matter hereof and supersede any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

8.5 Succession and Assignment

This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties; provided, however, that the Buyer may (i) assign this Agreement and/or any or all of its rights and interests hereunder to any entity with which it may merge or consolidate, or which acquires all or substantially all of its business and assets, (ii) assign this Agreement and/or any or all of its rights and interests hereunder to one or more of its Affiliates, and/or (iii) designate one or more of its Affiliates to perform its obligations hereunder. In addition, rights provided to Sellers under this Agreement are not transferrable or assignable under any circumstance without a written opinion of counsel for Buyer that such transfer or assignment complies with applicable securities laws.

8.6 Counterparts

For the convenience of the Parties, this agreement may be executed in counterparts and by facsimile or email exchange of pdf signatures, each of which counterpart shall be deemed to be an original, and both of which taken together, shall constitute one agreement binding on the Parties.

8.7 Notices

All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two (2) Business Days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

IF TO THE SELLERS:

[***]

COPY TO:

Thompson Hine LLP
335 Madison Avenue
12th Floor
New York, NY 10017-4611
Attn: Faith L. Charles, Esq.

IF TO THE BUYER:

[PDI, Inc.]
Morris Corporate Center 1, Building A
300 Interpace Parkway
Parsippany, NJ 07054

Attn: Jeffrey Smith., CFO

COPY TO:

Norris McLaughlin & Marcus, P.A.
721 Route 202-206, Suite 200
Bridgewater, NJ 08807

Attn: David Blatteis, Esq.

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, or ordinary mail, but not electronic mail or messaging), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

8.8 Governing Law

This Agreement, and all claims or causes of action that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or covenant made in or in connection with this Agreement or as an inducement to enter into this Agreement), shall be governed by and construed in accordance with the laws of the State of New Jersey applicable to contracts made and performed in such State without giving effect to any choice or conflict of law provision or rule (whether of the State of New Jersey or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New Jersey.

8.9 Submission to Jurisdiction; Consent to Service of Process

(a) The Parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of any federal or state court located within the State of New Jersey over any dispute arising out of or relating to

this Agreement or any of the transactions contemplated hereby and each Party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action proceeding related thereto may be heard and determined in such courts. The Parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the Parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of the Parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by delivery of a copy thereof in accordance with the provisions of Section 8.7.

(c) THE PARTIES TO THIS AGREEMENT EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. THE PARTIES TO THIS AGREEMENT EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

8.10 Amendments and Waivers

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each of the Parties hereto. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No action taken pursuant to this Agreement, including any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

8.11 Severability

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

8.12 Expenses

Each Party will bear its and their own costs and expenses (including legal fees and expenses) incurred in connection with the negotiation, preparation, execution and delivery of this Agreement and each other agreement, document and instrument contemplated by this Agreement. All transfer Taxes and other expenses required to complete the sale of the Shares shall be borne by the Sellers.

8.13 Further Assurances

The Parties will from time to time do and perform such additional acts and execute and deliver such additional documents and instruments as may be required by Applicable Law or reasonably requested by any Party to establish, maintain or protect its rights and remedies or to effect the intents and purposes of this Agreement and the other documents delivered in connection with the Closing. Without limiting the generality of the foregoing, each party agrees to endorse (if necessary) and deliver to the other, promptly after its receipt thereof, any payment or document which it receives after the Closing Date and which is the property of the other.

8.14 Release

Effective as of the Closing, each [***][18] Shareholder on behalf of himself or herself and his or her respective Affiliates hereby releases, remises and forever discharges, to the extent permitted by law, any and all rights and claims that he or she has had, now has or might now have against the Company, except with respect to or in connection with (a) matters which such [***][19] Shareholder is entitled to indemnification pursuant to this Agreement, (b) indemnification as an officer or director arising under the Company's Certificate of Incorporation or Bylaws, the Delaware General Corporation Law or any insurance policy, (c) obligations of the Company under this Agreement, Article 5 or Section 11.12 of the Collaboration Agreement, or any other document or instrument executed and delivered by the Company pursuant to this Agreement and (d) accrued but unpaid compensation payable to any [***][20] Shareholder in his or her capacity as a consultant of the Company in the ordinary course of their consultancy for periods prior to the Closing provided same is disclosed at Closing as a Company GAAP Liability or on Exhibit 2.2(a). Each [***][21] Shareholder has been advised by, or has had the opportunity to be advised by and has waived such opportunity, independent legal counsel and is familiar with the provisions of certain state laws that provide, in effect, that a general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

[18] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

[19] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

[20] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

[21] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

8.15 Incorporation of Exhibits

The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

SELLERS:	BUYER:
	[PDI, INC.]
[***][22]	
[***][23]	By: _____
[***][24]	Title: _____
[***][25]	

[22] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.
[23] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.
[24] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.
[25] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

EXHIBIT 3.1(b)

EXHIBIT 3.1(c)

See Engagement letter, between [***][26] and Torreya Capital, a division of the Financial West Investment Group, dated [***][27].

[26] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

[27] Confidential material which has been omitted and filed separately with the Securities and Exchange Commission.

EXHIBIT 3.1(d)

None.

EXHIBIT 3.2(c)

None.

EXHIBIT 4.3

None.

EXHIBIT 4.4

None.

SCHEDULE 1.1

PENDING ACQUISITIONS AS OF THE CLOSING DATE

RedPath Acquisition.

SCHEDULE 4.1

PRIOR DEBT

Amended and Restated Loan and Security Agreement between Interspace Diagnostics Corporation (as successor by merger to RedPath Integrated Pathology, Inc.) and Square 1 Bank dated May 21, 2012.[28]

Series C Convertible Promissory Notes issued pursuant to that certain 2013 Series C Convertible Promissory Note Purchase Agreement, dated as of September 23, 2013, by and between RedPath Integrated Pathology, Inc. and each of its stockholders set forth on Exhibit A thereto, as amended on October 31, 2014.[29]

[28] To be paid off in connection with RedPath Acquisition

[29] To be paid off in connection with RedPath Acquisition

SCHEDULE 5.1

JURISDICTIONS OF QUALIFICATION

Name	State of Incorporation/Formation	Foreign Qualification Jurisdiction
PDI, Inc.	Delaware	New Jersey
Group DCA, LLC	Delaware	New Jersey
Interpace BioPharma, LLC	New Jersey	None
Interpace Diagnostics, LLC	Delaware	New Jersey
JS Genetics, Inc.	Delaware	Connecticut New Jersey
RedPath Acquisition Sub, Inc.[30]	Delaware	None
Interpace Diagnostics Corporation[31]	Delaware	Florida Massachusetts New Jersey Pennsylvania Washington

[30] Immediately prior to closing of the RedPath Acquisition

[31] Immediately after closing of the RedPath Acquisition

SCHEDULE 5.7

OWNERSHIP OF PROPERTIES; LIENS

Two patent applications are co-owned by Interpace Diagnostics, LLC with Brigham Woman's Hospital.

SCHEDULE 5.8

CAPITALIZATION

Company Name	Name of Owner(s) of more than 10%	Total number and type of ownership interests issued	Number and type of ownership interests authorized
PDI, Inc.	John P. Dugan Heartland Advisors, Inc.	15,361,725 shares of Common Stock	40,000,000 shares of common stock; 5,000,000 shares of preferred stock
Group DCA, LLC	PDI, Inc.	8,693,250 shares of interest in company	N/A
Interpace BioPharma, LLC	PDI, Inc.	Membership Interests	N/A
Interpace Diagnostics, LLC	PDI, Inc.	Membership Interests	N/A
JS Genetics, Inc.	Interpace Diagnostics, LLC	500 shares of Common Stock	491,900 shares of common stock; 8,100 shares of preferred stock
RedPath Acquisition Sub, Inc.[32]	Interpace Diagnostics, LLC	100 shares of Common Stock	1000 shares of Common Stock
Interpace Diagnostics Corporation[33]	Interpace Diagnostics, LLC	100 shares of Common Stock	1000 shares of Common Stock

[32] Immediately prior to closing of the RedPath Acquisition

[33] Immediately after closing of the RedPath Acquisition

SCHEDULE 5.13

TAX DISCLOSURE SCHEDULE

The Company expects to incur underpayment penalties as tax estimates were not paid on a timely basis due to cash flow constraints.

Federal tax: As of October 6, 2014, the Company owes $54,976.01. Interest and penalties will be calculated by the IRS at the customary rate for tax due. As of October 6, 2014, $1,829.06 is due as a failure to pay penalty, and $887.95 of interest charges is due. These charges will continue to accrue until paid.

Pennsylvania State Tax: The Company owes $104,303.00 upon the original filing date of the PA tax return, which was March 15, 2014. Interest and penalties will be calculated by the PA Department of Revenue at the customary rate for tax due until the balance is paid.

SCHEDULE 5.16

INSURANCE

[Omitted]

SCHEDULE 5.18(A)

BORROWER'S REGISTERED INTELLECTUAL PROPERTY

Copyrights

none

Patents

U.S. cases:

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics	60/826,173 NA	09/19/2006 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	US
Interpace Diagnostics	11/857,948 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	US
Interpace Diagnostics	61/414,778 NA	11/17/2010 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	US
Interpace Diagnostics	13/299,226 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	US
Interpace Diagnostics	61/534,332 NA	09/13/2011 NA	Methods and Compositions Involving miR-135B for Distinguishing Pancreatic Cancer from Benign Pancreatic Disease	US
Interpace Diagnostics	61/536,486 NA	09/19/2011 NA	Methods and Compositions Involving miR-135B for Distinguishing Pancreatic Cancer from Benign Pancreatic Disease	US
Interpace Diagnostics	13/615,066 NA	9/13/2012 NA	Methods and Compositions Involving miR-135B for Distinguishing Pancreatic Cancer from Benign Pancreatic Disease	US
Interpace Diagnostics	61/552,451 NA	10/27/2011 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	US
Interpace Diagnostics	61/552,762 NA	10/27/2011 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	US
Interpace Diagnostics	13/662,450 NA	10/27/2012 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	US
Interpace Diagnostics	61/709,411 NA	10/04/2012 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	US

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics	61/716,396 NA	10/19/2012 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	US
Interpace Diagnostics	13/801,737 NA	3/13/2013 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	US
PDI, Inc.	13/436,259	3/30/2012	Consolidated Presentation Of Pharmaceutical Information From Multiple Sources	US
JS Genetics Inc.	13/266434	4/28/2010	Molecdular Diagnosis of Fragile X Syndrome Associated with FMR1 Gene	US
JS Genetics Inc.	13/266429	4/26/2010	Method of Prenatal Molecular Diagnosis of Down Syndrome and Other Trisomic Disorders	US

Foreign Cases:

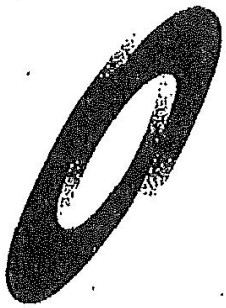
Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics	PCT/US07/78936 NA	09/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	PCT
Interpace Diagnostics	2007299828 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	AU
Interpace Diagnostics	2,664,383 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	CA
Interpace Diagnostics	12159733 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	EU
Interpace Diagnostics	2009-529373 5520605	9/19/2007 4/11/2014	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	JP
Interpace Diagnostics	PCT/US11/61237 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	PCT
Interpace Diagnostics	2011329772 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	AU
Interpace Diagnostics	1120130122650 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	BR
Interpace Diagnostics	2817882 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	CA

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics	14150739.2 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	EU
Interpace Diagnostics	226356 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	IL
Interpace Diagnostics	2013540026 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	JP
Interpace Diagnostics	PCT/US2012/062330 NA	10/27/2012 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	PCT
Interpace Diagnostics	12787991.4 NA	10/27/2012 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	EU
Interpace Diagnostics	PCT/US2013/030990 NA	3/13/2013 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	PCT
PDI, Inc.	PCT/US2013/034670	3/29/2013	Consolidated Presentation Of Pharmaceutical Information From Multiple Sources	PCT

Co-owned Patent Applications

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics & Brigham Women's Hospital	13/801,737 NA	3/13/2013 NA	Diagnostic Mirnas For Differential Diagnosis Of Incidental Pancreatic Cystic Lesions	US
Interpace Diagnostics & Brigham Women's Hospital	PCT/US2013/030990 NA	3/13/2013 NA	Diagnostic Mirnas For Differential Diagnosis Of Incidental Pancreatic Cystic Lesions	PCT

Trademarks

Owner	Mark	Country	App. No. Reg. No.
Interpace Diagnostics	MIRINFORM	US	77/447,187 3,546,361
Interpace Diagnostics	MIRINFORM	US	85/067,844 4,071,426
Interpace Diagnostics	MIRINFORM	US	85/067,850 4,071,427
Interpace Diagnostics	MIRINFORM	MP (CN)	A0035669 1162299
Interpace Diagnostics	MIRINFORM	MP (CN)	A0035671 11621785
Group DCA, LLC	DIAGRAM	US	85/145,671 3,970,284
Group DCA, LLC	CUECARD	US	78/826,562 3,486,366
Group DCA, LLC	PD ONE	US	85/567,143 4,593,300
Group DCA, LLC	PD ONE	US	85/567,130 4,593,299
Interpace Diagnostics, LLC	BaraGen	US	86/390,390 n/a
Interpace Diagnostics, LLC	THYMIRA	US	86/370,332 n/a
Interpace Diagnostics, LLC	THYRAMIR	US	86/370,328 n/a
Interpace Diagnostics, LLC	PancraGEN	US	86/370,325 n/a
Interpace Diagnostics, LLC	ThyGenX	US	86/365,003 n/a
Interpace Diagnostics, LLC	PANCRAMIR	US	86/357,914 n/a
Interpace Diagnostics LLC		US	86/290,079 n/a
Interpace Diagnostics LLC	POWER IN PERFORMANCE	US	86/325,980 n/a
PDI, Inc.	INTERPACE DIAGNOSTICS	US	86/130,866 n/a
PDI, Inc.		US	76/630,045 3,617,915
PDI, Inc.		US	76/630,047 3,344,703
PDI, Inc.	PDI	US	76/630,046 3,617,916

Owner	Mark	Country	App. No. Reg. No.
PDI, Inc.	PD ONE REP	US	86/227,209 n/a
PDI, Inc.	THE MEDICAL BUZZ	US	85/930,489 4465320
PDI, Inc.	THE MEDICAL BAG	US	85/929,050 n/a
PDI, Inc.	WHAT KILLED ‘EM	US	85/930,510 4,465,321
PDI, Inc.	DESPICABLE DOCTORS	US	85/930,412 4465315
PDI, Inc.	COMIC SEIZURE	US	85/930,420 4465316
PDI, Inc.	HCP ECOSYSTEM	US	85/971374 n/a
PDI, Inc.	INTERPACE DIAGNOSTICS	US	86/130866

Mask Works

none

Redpath Assets

Redpath Patents

Pat. No/App. No.	Country	Status	Title	Filing Date	Issue Date	Assignee
2584989	CA	Abandoned	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.
2585025	CA	Abandoned	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.
2584723	CA	Abandoned	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.
5818189.2	EP	Abandoned	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.

Pat. No/App. No.	Country	Status	Title	Filing Date	Issue Date	Assignee
5818314.6	EP	Abandoned	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.
5817148.9	EP	Abandoned	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.
60/620926	US	Expired	TOPOGRAPHIC GENOTYPING FOR DEFINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGICAL BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	10/22/2004		RedPath Integrated Pathology, Inc.
11/255978	US	Abandoned	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	10/24/2005		RedPath Integrated Pathology, Inc.
60/631240	US	Expired	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	11/29/2004		RedPath Integrated Pathology, Inc.

Pat. No/App. No.	Country	Status	Title	Filing Date	Issue Date	Assignee
11/256150	US	Abandoned	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.
60/644568	US	Expired	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	01/19/2005		RedPath Integrated Pathology, Inc.
11/256152	US	Abandoned	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.
60/679968	US	Expired	MOLECULAR ANALYSIS OF CELLULAR FLUIDS SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	05/12/2005		RedPath Integrated Pathology, Inc.
11/255980	US	Abandoned	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.

Pat. No/App. No.	Country	Status	Title	Filing Date	Issue Date	Assignee
60/679969	US	Expired	DYNAMIC GENOMIC DELETION EXPANSION: A PREDICTOR OF CANCER BIOLOGICAL AGGRESSIVENESS	05/12/2005		RedPath Integrated Pathology, Inc.
14/305,727	US	Pending	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	6/16/2014		RedPath Integrated Pathology, Inc.
US2005/038315	PCT	Expired	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.
US2005/038313	PCT	Expired	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.
US2005/038311	PCT	Expired	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.

Pat. No/App. No.	Country	Status	Title	Filing Date	Issue Date	Assignee
US2005/038312	PCT	Expired	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	10/24/2005		RedPath Integrated Pathology, Inc.
2198774	CA	Abandoned	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.
95935153.7	EP	Abandoned	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.
8-511138	JP	Abandoned	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.
6,340,563 (08/667493)	US	Granted	TOPOGRAPHIC GENOTYPING	06/24/1996	01/22/2002	RedPath Integrated Pathology, Inc.
7,014,999 (10/008278)	US	Granted	TOPOGRAPHIC GENOTYPING	11/05/2001	03/21/2006	RedPath Integrated Pathology, Inc.
11/289624	US	Abandoned	TOPOGRAPHIC GENOTYPING	11/30/2005		RedPath Integrated Pathology, Inc.
08/311553	US	Abandoned	TOPOGRAPHIC GENOTYPING	09/23/1994		RedPath Integrated Pathology, Inc.
US95/12372	US	Expired	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.
61/240919	US	Abandoned	GENERATION OF A COMPREHENSIVE PATHOLOGY REPORT BASED ON MOLECULAR AND GENETIC ANALYSIS	09/09/2009		RedPath Integrated Pathology, Inc.
61/294355	US	Abandoned	METHODS OF COMPARATIVE MUTATIONAL PROFILING	01/12/2010		RedPath Integrated Pathology, Inc.

Pat. No/App. No.	Country	Status	Title	Filing Date	Issue Date	Assignee
61/429908	US	Expired	METHODS OF COMPARATIVE MUTATIONAL PROFILING	01/05/2011		RedPath Integrated Pathology, Inc.
61/292561	US	Abandoned	METHODS OF IDENTIFYING BLOOD AND BLOOD-DERIVED DNA CONTENT IN CYST	01/06/2010		RedPath Integrated Pathology, Inc.
61/429900	US	Expired	METHODS OF IDENTIFYING BLOOD AND BLOOD-DERIVED DNA CONTENT IN CYST	01/05/2011		RedPath Integrated Pathology, Inc.
61/297136	US	Abandoned	METHOD OF GENERATING A PATHOLOGY REPORT FOR COMPARATIVE MUTATIONAL PROFILING	01/21/2010		RedPath Integrated Pathology, Inc.
61/425109	US	Expired	MOLECULAR DISCRIMINATION BETWEEN SPORADIC VERSUS TOXIN-ASSOCIATED CANCER FORMATION	12/20/2010		RedPath Integrated Pathology, Inc.
13/331966	US	Abandoned	METHODS OF DIFFERENTIATING BETWEEN NON-GENOTOXIN AND GENOTOXIN-ASSOCIATED TUMORS	12/20/2011		RedPath Integrated Pathology, Inc.
61/443014	US	Expired	METHODS OF DIFFERENTIATING BETWEEN NON-GENOTOXIN VERSUS GENOTOXIN-ASSOCIATED TUMORS	02/15/2011		RedPath Integrated Pathology, Inc.
61/549684	US	Expired	METHODS OF GENOTYPING DNA FROM RESIDUAL SUPERNATANT FLUID FORM BIOLOGICAL SPECIMENS	10/20/2011		RedPath Integrated Pathology, Inc.
61/565879	US	Expired	METHODS OF IDENTIFYING DYSPLASIA IN A SUBJECT	12/01/2011		RedPath Integrated Pathology, Inc.

Pat. No/App. No.	Country	Status	Title	Filing Date	Issue Date	Assignee
13/692727	US	Pending	METHODS FOR TREATING BARRETT'S METAPLASIA AND ESOPHAGEAL ADENOCARCINOMA	12/03/2012		RedPath Integrated Pathology, Inc.
13/954247	US	Pending	METHODS FOR TREATING BARRETT'S METAPLASIA AND ESOPHAGEAL ADENOCARCINOMA	07/30/2013		RedPath Integrated Pathology, Inc.
US14/46702	PCT	Pending	METHODS FOR TREATING BARRETT'S METAPLASIA AND ESOPHAGEAL ADENOCARCINOMA	07/15/2014		RedPath Integrated Pathology, Inc.
61/612061	US	Expired	METHODS OF GENOTYPING DNA FROM RESIDUAL RADIOCONTRAST AGENT	03/16/2012		RedPath Integrated Pathology, Inc.
61/640527	US	Expired	METHODS FOR DIAGNOSING LOW AND HIGH GRADE DYSPLASIA IN BARRETT'S ESOPHAGUS	04/30/2012		RedPath Integrated Pathology, Inc.
61/661256	US	Expired	METHODS FOR DIAGNOSING LOW AND HIGH GRADE DYSPLASIA IN BARRETT'S ESOPHAGUS	06/18/2012		RedPath Integrated Pathology, Inc.
61/731725	US	Expired	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	11/30/2012		RedPath Integrated Pathology, Inc.
14/092,036	US	Pending	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	11/27/2013		RedPath Integrated Pathology, Inc.
61/824623	US	Expired	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	05/17/2013		RedPath Integrated Pathology, Inc.
61/840963	US	Expired	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	06/28/2013		RedPath Integrated Pathology, Inc.

Red Path Copyrights:

None.

Red Path Trademarks:

Country	Mark	Reg./App. No.	Filing Date	Reg. Date	Goods	Registrant	Status
US	PATHFINDERTG	3208314 (78/848127)	3/28/06	2/13/07	IC042 -Medical laboratory services, namely, testing and analysis of tissue or fluids for diagnostic and forensic purposes	RedPath Integrated Pathology, Inc.	Registered

SCHEDULE 5.18(B)

PRODUCTS, SERVICES AND REQUIRED PERMITS

Name of Entity	Services	Products	Required Permits
PDI Inc.	Sales Services (Personal Promotion) business unit: focuses on product detailing and includes outsourced sales team and Engage CE business unit. Voice business unit: focuses on creation of teledetailing programs.	None	N/A
Group DCA, LLC	Marketing Services business unit (together with the Voice business unit operated by PDI, Inc.) An interactive digital communications company serving the pharmaceutical, biotechnology and healthcare industries.	None	N/A
Interpace BioPharma, LLC	Product Commercialization business unit. Provides pharmaceutical, device and diagnostics clients with full service product commercialization.	None	N/A
Interpace Diagnostics, LLC	Enacting strategy to become a leading commercialization company for the molecular diagnostics industry. Part of the Product Commercialization business unit.	None	N/A
JS Genetics, Inc.	Operates a lab. Part of the Product Commercialization business unit.	None	New York State Department of Health Clinical Laboratory Permit (expires June 30, 2015) The College of American Pathologists Accredited Laboratory accreditation State of Connecticut Department of Public Health License No. CL-0664 (Licensed Clinical Laboratory) (expires March 31, 2015) Centers for Medicare and Medicaid Services Clinical Laboratory Improvement Amendments (CLIA) Certificate of Accreditation, (CLIA ID No. 07D1091103) (expires 6/15/2016)
RedPath Acquisition Sub, Inc.[34]	None	None	N/A

Name of Entity	Services	Products	Required Permits
Interpace Diagnostics Corporation[35]	Operates a lab that develops diagnostic testing technology and provides microscopic and genetic analysis, diagnostic testing, and associated laboratory services for gastrointestinal oncology or endocrine oncology ***Pathfinder TG* - Pancreas -** The Company's assay used in evaluating pancreatic cyst and mass profile via LOH markers, oncogene mutations, and DNA content abnormalities to stratify patients according to their risk of progression to pancreatic cancer and currently marketed as of the Effective Time.	None	Centers for Medicare and Medicaid Services Clinical Laboratory Improvement Amendments Certificate of Accreditation CLIA Number: 39D1024654 College of American Pathologists Accreditation accrediting agency for CLIA LAP Number: 7186526 State of California Number: COS800224, with expiration date of September 29, 2014 State of Maryland License Number: 1423,with an expiration date of June 30, 2015 State of Florida License Number: 800021905, with an expiration date of April 26, 2016 State of New York PFI Number: 8306, with an expiration date of June 30, 2015 State of Pennsylvania License Number: 029043A, with an expiration date of August 15, 2015 State of Rhode Island License Number: LCO00522, with an expiration date of December 30, 2015 Medicaid: 1018556450001 NPI Number: 1609826304

[34] Immediately prior to closing of the RedPath Acquisition

[35] Immediately after closing of the RedPath Acquisition

SCHEDULE 5.21

MATERIAL CONTRACTS

1. Consulting Agreement, effective as of September 2, 2014, by and between **PDI,** Inc. and Henry M. Rinder;

2. Collaboration Agreement, dated as of August 19, 2013, by and among **PDI,** Inc. and the company described in Section 7.10(n), as amended by the First Amendment to the Collaboration Agreement (the "Collaboration Agreement");

3. Fleet Management Services Agreement, entered into as of October 13, 1998, by and between Automotive Rentals, Inc. and PDI, Inc. (f/k/a Professional Detailing Inc.), as amended through the date hereof;

4. Lease Agreement, entered into as of September 29, 1998, by and between Automotive Rentals, Inc., ARI Fleet LT, and **PDI,** Inc. (f/k/a Professional Detailing Inc.), as amended through the date hereof;

5. Agreement of Lease, dated as of October 26th, 2004, by and between Fort Washington Phase II Associates, L.P., as landlord and PDI, Inc., as tenant, with regard to premises commonly known as Montgomery Corporate Center, 200 Dryden Road, Upper Dublin, Pennsylvania, Building II, Phase I;

6. Lease Agreement, made as of June 28, 2006, by and between WE 2 Church Street South LLC, as landlord, and JS Genetics, LLC, as tenant, with regard to premises commonly known as 2 Church Street South, New Haven Connecticut, as amended through the date hereof;

7. Lease Agreement, dated as of November 3, 2009, by and between OTR-MMC LLC, as landlord, and PDI, Inc., as tenant, with respect to the premises commonly known as Pod "A", Morris Corporate Center, Parsippany, New Jersey;

8. Office Lease, dated as of February 8, 2005, by and between Woodfield Realty Holding Company, LLC, as landlord, and PDI, Inc., as tenant with respect to the premises commonly known as 425/475 Woodfield Corporate Center, Schaumburg, Illinois, as amended through the date hereof;

9. Standard Office Lease, dated as of November 20, 2003, by and between VRS Saddle River LLC, as landlord and PDI, Inc., as tenant, with regard to the premises commonly known as One Route 17 South, Suite 300, Saddle River, Bergen County, New Jersey;

10. Lease, dated October 10, 2007, by and between RedPath Integrated Pathology, Inc. and Spring Way Center, LLC, as amended April 3, 2013; as tenant, with regard to the premises located at 2515 Liberty Avenue, Pittsburgh, County of Allegheny, Pennsylvania;

11. Apartment Lease Contract, dated August 4, 2010, by and between The Cork Factory and RedPath Integrated Pathology, Inc., as amended August 12, 2013. as tenant, with regard to the premises located at Apartment 1205, 2349 Railroad Street, Pittsburgh, County of Allegheny, Pennsylvania;

12. Apartment Lease Contract, dated February 25, 2014, by and between The Cork Factory and RedPath Integrated Pathology, Inc., as amended July 18, 2014; as tenant, with regard to the premises located at Apartment 2414, 2349 Railroad Street, Pittsburgh, County of Allegheny, Pennsylvania;

13. Amended and Restated Master Services Agreement, effective as of September 23, 2009, as amended on September 22, 2011 and September 17, 2014, by and between Pfizer Inc., a Delaware corporation and PDI, Inc.;

14. Statement of Work (Project Corner CSO), dated as of October 2, 2012, by and between PDI, Inc. and Pfizer Inc.;

15. Statement of Work (EPBU Team 1 SOW), dated as of January 1, 2014, by and between PDI, Inc. and Pfizer Inc.;

16. Statement of Work (Project Q-Force), dated as of January1, 2014, by and between PDI, Inc. and Pfizer Inc.;

17. Dedicated Sales Team Agreement, dated as of May 22, 2012 by and between PDI, Inc. and VIVUS, Inc., a Delaware corporation, as amended by Amendment No. 1 on June 26, 2012, Amendment No. 2 on August 10, 2012, Amendment No. 3 on November 16, 2012, Amendment No. 4 on March 25, 2013, Amendment No. 5 on September 11, 2013, Amendment No. 6 on December 4, 2013, Amendment No. 7 on January 1, 2014 and Amendment No. 8 on May 19, 2014.

18. Amended and Restated Employment Separation Agreement, dated as of December 31, 2008, by and between PDI, Inc. and Mr. Jeffrey E. Smith;

19. Employment Separation Agreement, effective as of November 12, 2008, by and between PDI, Inc. and Nancy Lurker;

20. Employment Separation Agreement, dated as of October 20, 2014, by and between PDI, Inc. and Graham Miao;

21. Employment Separation Agreement, effective as of June 3, 2010, by and between PDI, Inc. and Frank J. Arena;

22. Employment Separation Agreement, effective as of April 16, 2012, by and between PDI, Inc. and Jennifer Leonard;

23. Employment Separation Agreement, effective as of October 10, 2011, by and between PDI, Inc. and Gerald Melillo;

24. Employment Separation Agreement, effective as of November 3, 2010, by and between Group DCA, LLC and Ron Scalici;

25. Employment Agreement, dated as of the Closing Date, by and between Interpace Diagnostics Corporation and Sydney D. Finkelstein, M.D.;

26. Employment Agreement, dated as of the Closing Date, by and between Interpace Diagnostics Corporation and Christina M. Narick;

27. Employment Agreement, dated as of the Closing Date, by and between Interpace Diagnostics Corporation and Jamie M. Bleicher;

28. Employment Agreement, dated as of the Closing Date, by and between Interpace Diagnostics Corporation and Sara A. Jackson;

29. Stock Appreciation Rights Agreements issued from time to time under that certain PDI, Inc. 2004 Stock Award and Incentive Plan;

30. Any agreements issued from time to time under that certain PDI, Inc. Executive Deferred Compensation Plan;

31. Consulting Agreement, effective as of August 11, 2014, by and between PDI, Inc. and Rebideau Analytics, LLC;

32. Healthcare Financial System Manager Service Agreement between Interpace Diagnostics Corporation[36] and Quadax, Inc., dated November 10, 2006, as amended by Amendment 6 dated November 15, 2013;

33. Agreement between PDI, Inc. and G&M Health LLC pursuant to which G&M provides compliance services on an outsource basis for payments totaling approximately $900,000 per year.[37]

[36] Immediately after closing of the RedPath Acquisition

[37] Agreement to be provided

SCHEDULE 5.25A

NAMES

Company Name	Other Names
PDI, Inc.	Professional Detailing, Inc. d/b/a in New Jersey
Group DCA, LLC	N/A
Interpace BioPharma, LLC	N/A
Interpace Diagnostics, LLC	N/A
JS Genetics, Inc.	N/A
RedPath Acquisition Sub, Inc.[11]	N/A
Interpace Diagnostics Corporation[12]	N/A

SCHEDULE 5.25B OFFICES

Name of Entity	Locations
PDI Inc.	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054 Saddle River Executive Centre, 1 Route 17 South, Saddle River, NJ 07458 (former corporate headquarters; currently being subleased to third party by PDI, Inc.)
Group DCA, LLC (formerly Group DCA, Inc.)	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054*
Interpace BioPharma, LLC	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054*
Interpace Diagnostics, LLC	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054*
JS Genetics, Inc. (subsidiary of Interpace Diagnostics, LLC)	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054* 2 Church Street, New Haven, CT
RedPath Acquisition Sub, Inc.[38]	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054*
[Interpace Diagnostics Corporation][39]	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054* 3rd and 4th floors in a building located at 2515 Liberty Avenue, City of Pittsburgh, County of Allegheny, Commonwealth of Pennsylvania Apartment 1205, 2349 Railroad Street, Pittsburgh, Pennsylvania 15222 Apartment 2414, 2359 Railroad Street, Pittsburgh, Pennsylvania 15222

*PDI, Inc. is tenant under lease to this location.

All companies have sales representatives that work from home in various states that have certain company equipment, such as computers, in each case with a value below $2,000.

[38] Immediately prior to closing of the RedPath Acquisition.

[39] Immediately after closing of the RedPath Acquisition.

SCHEDULE 5.27

BROKER'S COMMISSIONS

Letter Agreement re Engagement of Torreya Partners as Strategic Advisor to PDI, Inc., dated February 17, 2014, between **PDI,** Inc. and its affiliates and Torreya Capital, a division of Financial West Investment Group, whereby Torreya will act as PDI's financial advisor to assist in a transaction to acquire or license target companies or products on a best efforts basis.

Letter Agreement, dated March 13, 2014, between Interpace Diagnostics Corporation (f/k/a RedPath Integrated Pathology, Inc.) and Piper Jaffray & Co.[40]

[40] Immediately after closing of the RedPath Acquisition.

SCHEDULE 7.1

EXISTING DEBT

None.

SCHEDULE 7.2

EXISTING LIENS

Liens in favor of TD Bank, N.A. on the Borrower's securities account no. 65-P204-01-2 at TD Wealth, Private Client Group, division of TD Bank, N.A., and all property new or hereafter held in such securities account and proceeds thereof to secure Indebtedness permitted under Section 7. 1(k).

Master Equipment Lease Agreement, dated May 21, 2012, by and between RedPath Integrated Pathology, Inc. and Technology Investment Partners, L.L.C.

SCHEDULE 7.7

TRANSACTIONS WITH AFFILIATES

None.

SCHEDULE 7.10

EXISTING INVESTMENTS

Company Name	Owner Name	Number and type of ownership interests held	Percentage of company held by listed owner
Inserve Support Solutions	PDI, Inc.	Any and all ownership interests held by PDI, Inc. in this entity	100%
PDI Investment Company, Inc.	PDI, Inc.	3000 shares of common stock	100%
TVG, Inc., a Delaware Corporation incorporated 9/19/1986, having Delaware Entity No. 2102057 ("TVG, Inc.")	PDI, Inc.	Any and all ownership interests held by PDI, Inc. in this Entity	100%
Group DCA, LLC	PDI, Inc.	8,693,250 shares of interest in company	100%
Interpace BioPharma, LLC	PDI, Inc.	Membership Interests	100%
Interpace Diagnostics, LLC	PDI, Inc.	Membership Interests	100%
JS Genetics, Inc.	Interpace Diagnostics, LLC	500 shares of Common Stock	100%
RedPath Acquisition Sub, Inc.[41]	Interpace Diagnostics, LLC	100 shares of Common Stock	100%
Interpace Diagnostics Corporation[42]	Interpace Diagnostics, LLC	100 shares of Common Stock	100%

PDI, Inc. has the option to acquire 100% of the shares of the company described in Section 7.10(n) pursuant to the terms and conditions of the Collaboration Agreement.

Borrower's securities account no. 65-P204-01-2 at Wells Fargo.

PDI's initial fee of $1,500,000 paid to the company described in Section 7.10(n) under terms of the Collaboration Agreement and recorded as an investment.

Investments in securities by a Loan Party for the purposes of matching the hypothetical investment elections made by any participant in any non-qualified deferred compensation plan maintained by a Loan Party.

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[41] Immediately prior to closing of the RedPath Acquisition.

[42] Immediately after closing of the RedPath Acquisition.

SCHEDULE 7.11

RESTRICTED MATERIAL CONTRACTS

None.

SCHEDULE 7.14

DEPOSIT ACCOUNTS

[Omitted]

GUARANTEE AND COLLATERAL AGREEMENT

dated as of October 31, 2014 among

PDI, INC.,

GROUP DCA, LLC,

INTERPACE BIOPHARMA, LLC,

INTERPACE DIAGNOSTICS, LLC,

JS GENETICS, INC., REDPATH ACQUISITION SUB, INC.,

as Grantors, and

SWK FUNDING LLC,

as Agent

GUARANTEE AND COLLATERAL AGREEMENT

GUARANTEE AND COLLATERAL AGREEMENT, dated as of October 31, 2014 (as may be amended, restated, supplemented, or otherwise modified from time to time, this "Agreement"), made by each signatory hereto (together with any other Person that becomes a party hereto as provided herein, "Grantors"), in favor of SWK FUNDING LLC, as Agent ("Agent") for the benefit of all Lenders party to the Credit Agreement (as hereafter defined).

Agent and Lenders have severally agreed to extend credit to PDI, Inc., a Delaware corporation (the "Borrower"), pursuant to the Credit Agreement. The Borrower is affiliated with each other Grantor. The Borrower and the other Grantors are engaged in interrelated businesses, and each Grantor will derive substantial direct and indirect benefit from extensions of credit under the Credit Agreement. It is a condition precedent to each Lender's obligation to extend credit under the Credit Agreement that Grantors shall have executed and delivered this Agreement to Agent for the ratable benefit of all Lenders.

In consideration of the premises and to induce Agent and Lenders to enter into the Credit Agreement and to induce Agent and Lenders to extend credit thereunder, each Grantor hereby agrees with Agent, for the ratable benefit of Lenders, as follows:

1. Definitions.

1.1. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms are used herein as defined in the Code: Accounts, Money, Certificated Security, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Electronic Chattel Paper, Equipment, Farm Products, Goods, Health-Care-Insurance Receivables, Instruments, Inventory, Letter-of-Credit Rights, Software and Supporting Obligations.

1.2. When used herein the following terms shall have the following meanings:

Agreement has the meaning set forth in the preamble hereto.

Borrower Obligations means all Obligations of Borrower.

Code means the Uniform Commercial Code as in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Code as in effect in a jurisdiction other than the State of New York, "Code" means the Uniform Commercial Code, as applicable if the context requires, as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

Collateral has the meaning set forth in Section 3 hereof. Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

Copyright Licenses means all written agreements naming any Grantor as licensor or licensee, including those listed on Schedule 5. granting any right under any Copyright,

including the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright (other than agreements relating to widely-available software subject to “shrink-wrap” or “click-through” software licenses).

Credit Agreement means the Credit Agreement, of even date herewith, among Borrower, Lenders and Agent, as amended, supplemented, restated or otherwise modified from time to time.

Diagnostic Company means a privately held molecular diagnostics company.

Diagnostic Company Note means that certain Promissory Note, dated as of March 18, 2014, by the Diagnostic Company, in favor of PDI, Inc., a Delaware corporation, in the principal amount of up to $810,000, which principal amount was subsequently reduced to a principal amount of $500,000 pursuant to the terms of the JS Genetics Stock Purchase Agreement.

Excluded Property means, with respect to a Grantor: (i) any item of General Intangibles or other property that is now or hereafter held by such Grantor but only to the extent that such item of General Intangibles or property, including, for the avoidance of doubt, Intellectual Property (or any agreement evidencing such item of General Intangibles or property) contains a term or is subject to a rule of law, statute or regulation that restricts, prohibits, or requires a consent (that has not been obtained) of a Person (other than such Grantor) to, the creation, attachment or perfection of the security interest granted herein, and any such restriction, prohibition and/or requirement of consent is effective and enforceable under applicable law and is not rendered ineffective by applicable law (including, without limitation, pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Code); provided, however, that (x) Excluded Property shall not include any Proceeds of any item of General Intangibles or other property described in this definition, and (y) any item of General Intangibles or such other property described in this definition that at any time ceases to satisfy the criteria for Excluded Property (whether as a result of the applicable Grantor obtaining any necessary consent, any change in any rule of law, statute or regulation, or otherwise) shall no longer be Excluded Property; (ii) trademark applications filed in the United States Patent and Trademark Office on the basis of such Grantor's “intent to use” such trademark, unless and until acceptable evidence of use of the Trademark has been filed with the United States Patent and Trademark Office pursuant to Section l(c) or Section l(d) of the Lanham Act (15 U.S.C. 1051, et seq.), to the extent that granting a Lien in such Trademark application prior to such filing would adversely affect the enforceability or validity of such Trademark application; and (iii) the Borrower's securities account no. 65-P204-01-2 at TD Wealth, Private Client Group, division of TD Bank, N.A. and all property now or hereafter held in such securities account and any proceeds thereof; and (iv) any asset subject to a Permitted Lien (other than Liens in favor of Agent) securing obligations permitted under the Credit Agreement to the extent that the grant of other Liens on such asset (A) would result in a breach or violation of, or constitute a default under, the agreement or instrument governing such Permitted Lien, (B) would result in the loss of use of such asset or (C) would permit the holder of such Permitted Lien to terminate the Grantor's use of such asset.

Fixtures means all of the following, whether now owned or hereafter acquired by a Grantor: plant fixtures; business fixtures; other fixtures and storage facilities, wherever located; and all additions and accessories thereto and replacements therefor.

General Intangibles means all "general intangibles" as such term is defined in Section 9-102(a)(42) of the Code and, in any event, including with respect to any Grantor, all contracts, agreements, instruments and indentures in any form, and portions thereof, to which such Grantor is a party or under which such Grantor has any right, title or interest or to which such Grantor or any property of such Grantor is subject, as the same from time to time may be amended, supplemented or otherwise modified, including, without limitation, (a) all rights of such Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of such Grantor to damages arising thereunder and (c) all rights of such Grantor to perform and to exercise all remedies thereunder.

Guarantor Obligations means, collectively, with respect to each Guarantor, all payment and performance obligations of such Guarantor hereunder or under any other Loan Document to which such Guarantor is party.

Guarantors means the collective reference to each Grantor other than Borrower.

Identified Claims means the Commercial Tort Claims described on Schedule 7 as such schedule may be supplemented from time to time.

Intellectual Property shall mean all present and future: trade secrets, know-how and other proprietary information; Trademarks and Trademark Licenses, internet domain names, service marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and the goodwill of the business relating thereto and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; Copyrights (including Copyrights for computer programs, but excluding commercially available off-the-shelf software and any Intellectual Property rights relating thereto) and Copyright Licenses, and all tangible and intangible property embodying the Copyrights, unpatented inventions (whether or not patentable); Patents and Patent Licenses; industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom, books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; customer lists and customer information, the right to sue for all past, present and future infringements of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing.

Intercompany Note means any promissory note evidencing loans made by any Grantor to any other Grantor or its Affiliate.

Investment Property means the collective reference to (a) all "investment property" as such term is defined in Section 9-102(a)(49) of the Code (other than the equity interest of any Subsidiary excluded from the definition of Pledged Equity), (b) all "financial

assets" as such term is defined in Section 8-102(a)(9) of the Code, and (c) whether or not constituting "investment property" as so defined, all Pledged Notes and all Pledged Equity.

Issuers means the collective reference to each issuer of any Investment Property.

JS Genetics Stock Purchase Agreement means that certain Stock Purchase Agreement, dated as of August 20, 2014, by and between the Diagnostic Company and PDI, Inc.

Patent Licenses means all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including any of the foregoing referred to in Schedule 5.

Permitted Liens has the meaning ascribed such term in the Credit Agreement.

Pledged Equity means the equity interests listed on Schedule 1. as amended from time to time, together with any other equity interests, certificates, options or rights of any nature whatsoever in respect of the equity interests of any Person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect.

Pledged Notes means all promissory notes listed on Schedule 1. all Intercompany Notes at any time issued to any Grantor and all other promissory notes issued to or held by any Grantor (other than the Diagnostic Company Note and promissory notes issued in connection with extensions of trade credit by any Grantor in the ordinary course of business).

Proceeds means all "proceeds" as such term is defined in Section 9-102(a)(64) of the Code and, in any event, shall include all dividends or other income from the Investment Property, collections thereon or distributions or payments with respect thereto.

Receivable means any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including any Accounts).

Secured Obligations means, collectively, all Borrower Obligations and Guarantor Obligations.

Securities Act means the Securities Act of 1933, as amended.

Trademark Licenses means, collectively, each agreement, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark, including any of the foregoing referred to in Schedule 5.

2. Guarantee.

2.1. Guarantee.

(a) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to Agent, for the ratable benefit of Lenders and their respective successors, indorsees, transfers and assigns to the extent permitted by and in accordance with the

Credit Agreement, the prompt and complete payment and performance by Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Borrower Obligations.

(b) The guarantee contained in this Section 2 shall remain in full force and effect until all of the Secured Obligations shall have been Paid in Full.

(c) No payment made by Borrower, any of the Guarantors, any other guarantor or any other Person or received or collected by Agent or any Lender from Borrower, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Secured Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Secured Obligations or any payment received or collected from such Guarantor in respect of the Secured Obligations), remain liable for the Secured Obligations up to the maximum liability of such Guarantor hereunder until the Secured Obligations are Paid in Full.

2.2. Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Guarantor to Agent and Lenders, and each Guarantor shall remain liable to Agent and Lenders for the full amount guaranteed by such Guarantor hereunder.

2.3. No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by Agent or any Lender, no Guarantor shall be entitled to be subrogated to any of the rights of Agent or any Lender against Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by Agent or any Lender for the payment of the Secured Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder, until all of the Secured Obligations are Paid in Full. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Secured Obligations shall not have been Paid in Full, such amount shall be held by such Guarantor in trust for Agent and Lenders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be promptly turned over to Agent in the exact form received by such Guarantor (duly indorsed (but without any representation or warranty) by such Guarantor to Agent, if required), to be applied against the Secured Obligations, whether matured or unmatured, in a manner that is consistent with the provisions of Section 2.10.2 of the Credit Agreement.

2.4. Amendments, etc. with Respect to the Secured Obligations . Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Secured Obligations made by Agent or any Lender may be rescinded by Agent or such Lender and any of the Secured Obligations continued, and the Secured Obligations, or the

liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by Agent or any Lender, and the Credit Agreement and the other Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as Agent (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time (provided that any such amendment, modification, supplement or termination complies with the relevant provisions of the Credit Agreement, this Agreement and/or such Loan Document), and any collateral security, guarantee or right of offset at any time held by Agent or any Lender for the payment of the Secured Obligations may be sold, exchanged, waived, surrendered or released to the extent permitted by the Credit Agreement, this Agreement and the other Loan Documents. Neither Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Secured Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

2.5. Guarantee Absolute and Unconditional; Waivers .

(a) Each Guarantor agrees that this Guaranty is a guaranty of payment and performance when due and not of collectability. The liability of Guarantor under this Guaranty shall be absolute, irrevocable and unconditional irrespective of:

(i) any lack of validity, regularity or enforceability of any Loan Document;(ii) any lack of validity, regularity or enforceability of this Agreement;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to departure from any Loan Document;

(iii) any exchange, release or non-perfection of any security interest in any Collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Secured Obligations;

(iv) any failure on the part of Agent or any other Person to exercise, or any delay in exercising, any right under any Loan Document; and

(v) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Borrower, any Guarantor or any other guarantor with respect to the Secured Obligations (including, without limitation, all defenses based on suretyship or impairment of collateral, and all defenses that Borrower may assert to the repayment of the Secured Obligations, including, without limitation, failure of consideration, breach of warranty, payment, statute of frauds, bankruptcy, lack of legal capacity, lender liability, accord and satisfaction, and usury), this Agreement and the obligations of Guarantor under this Agreement, other than payment in full of the Guarantor Obligations.

(b) Each Guarantor hereby agrees that if Borrower or any other guarantor of all or a portion of the Secured Obligations is the subject of a bankruptcy or insolvency case under applicable law, it will not assert the pendency of such case or any order entered therein as

a defense to the timely payment of the Secured Obligations. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Secured Obligations and notice of or proof of reliance by Agent or any Lender upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Secured Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2. and all dealings between Borrower and any of the Guarantors, on the one hand, and Agent and Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Guarantor waives (i) diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon Borrower or any of the Guarantors with respect to the Secured Obligations; (ii) notice of the existence or creation or renewal or non-payment of all or any of the Secured Obligations; (iii) all diligence in collection or protection of or realization upon any Secured Obligations or any security for or guaranty of any Secured Obligations; (iv) any right to require Agent or any Lender, as a condition of payment or performance by Guarantor, to (A) proceed against Borrower, any other guarantor of the Guarantor Obligations or any other Person, (B) proceed against or exhaust any security held from Borrower, any such other guarantor or any other Person, (C) proceed against or have resort to any balance of any deposit account or credit on the books of Agent or any Lender in favor of Borrower or any other Person or (D) pursue any other remedy in the power of Agent or any Lender whatsoever; (v) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of Borrower or any other Guarantor including any defense based on or arising out of the lack of validity or the unenforceability of the Guarantor Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of Borrower or any other Guarantor from any cause other than payment in full of the Guarantor Obligations; (vi) any defense based upon Agent or any Lender's errors or omissions in the administration of the Guarantor Obligations, except errors and omissions resulting from Agent or any Lender's negligence, bad faith, or willful misconduct and (vii)(A) any legal or equitable discharge of Guarantor's obligations hereunder and (B) any rights to set-offs, recoupments and counterclaims.

(c) When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, Agent or any Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against Borrower, any other Guarantor or any other Person or against any collateral security or guarantee for the Secured Obligations or any right of offset with respect thereto, and any failure by Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from Borrower, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of Borrower, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of Agent or any Lender against any Guarantor. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings. Each Guarantor agrees that it is not a surety for purposes of any state statutes providing defenses for sureties, and each Guarantor waives any right that it may have under such statutes to assert the applicability thereof to the provisions of this Agreement

to require that Agent commence action against Borrower or any other Person or against any of the Collateral.

(d) Agent or any Lender may, from time to time, at its sole discretion and without notice to any Guarantor (or any of them), take any or all of the following actions: (i) retain or obtain a security interest in any property to secure any of the Secured Obligations or any obligation hereunder, (ii) retain or obtain the primary or secondary obligation of any obligor or obligors with respect to any of the Secured Obligations, (iii) extend or renew any of the Secured Obligations for one or more periods (whether or not longer than the original period), alter or exchange any of the Secured Obligations, or release or compromise any obligation of any Guarantor or any obligation of any nature of any other obligor with respect to any of the Secured Obligations, (iv) release any guaranty or right of offset or its security interest in, or surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Secured Obligations or any obligation hereunder, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property, and (v) resort to any Guarantor for payment of any of the Secured Obligations when due, whether or not Agent or such Lender shall have resorted to any property securing any of the Secured Obligations or any obligation hereunder or shall have proceeded against any other Guarantor or any other obligor primarily or secondarily obligated with respect to any of the Secured Obligations.

2.6. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to Agent without set-off or counterclaim in Dollars at the office of Agent specified in the Credit Agreement.

3. Grant of Security Interest .

(a) Each Grantor hereby grants to Agent, for the ratable benefit of Lenders and (to the extent provided herein) their Affiliates, a security interest in all of the following:

(i) all of each Grantor's right, title and interest in and to all of such Grantor's assets, including any and all personal property, Accounts, Chattel Paper (including Electronic Chattel Paper), Deposit Accounts, Documents, Equipment, Farm Products, Fixtures, General Intangibles, Goods, Health-Care-Insurance Receivables, Instruments, Intellectual Property, Inventory, Investment Property, Letter-of-Credit Rights, Software, Money, Supporting Obligations, and Identified Claims, in each case whether now owned or at any time hereafter acquired or arising,

(ii) all books and records pertaining to any of the foregoing,(iii) all Proceeds and products of any of the foregoing, and

(iii) all collateral security and guarantees given by any Person with respect to any of the foregoing, (all of the foregoing, collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations; provided, that the Collateral shall not include the Excluded Property.

(b) Each Grantor shall promptly notify Agent of any Commercial Tort Claims related to the Loans in which such Grantor has an interest arising after the Closing Date and shall provide all necessary information concerning each such Commercial Tort Claim and make all necessary filings with respect thereto to perfect Agent's first-priority security interest (subject to Permitted Liens) therein.

(c) Each Grantor has full right and power to grant to Agent, for the benefit of Agent, a perfected, first-priority security interest (subject to Permitted Liens) and Lien on the Collateral pursuant to this Agreement, subject to no transfer or other restrictions or Liens of any kind in favor of any other Person (subject to any Permitted Liens). Except with respect to any financing statement (i) securing debt to be paid off as of the Closing Date, (ii) securing Permitted Liens, or (iii) filed on behalf of Agent, no financing statement relating to any of the Collateral is on file in any public office. No Grantor is party to any agreement, document or instruction that conflicts with this Section 3.

(d) Each Grantor hereby authorizes Agent to prepare and file financing statements provided for by the Code and to take such other action as may be required, in Agent's sole discretion, to perfect and to continue the perfection of Agent's security interest in the Collateral.

(e) Irrespective of any provision in this Agreement or the Credit Agreement, the prior consent of Agent shall not be required in connection with the licensing or sublicensing of Intellectual Property pursuant to collaborations, licenses or other strategic transactions with third parties ("Permitted Licenses") executed in the normal course of Borrower's business..

4. Representations and Warranties.

To induce Agent and Lenders to enter into the Credit Agreement and to induce Lenders to make their respective extensions of credit to Borrower thereunder, each Grantor jointly and severally hereby represents and warrants to Agent and each Lender that:

4.1. Title; No Other Liens. Except for Permitted Liens, the Grantors own each item of the Collateral that they purport to own free and clear of any and all Liens or claims of others. As of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), no financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except filings evidencing Permitted Liens and filings for which termination statements have been delivered to Agent.

4.2. Perfected First Priority Liens. Each Grantor has full right and power to grant to Agent the security interests contemplated herein, and the security interests granted pursuant to this Agreement are prior to all other Liens on the Collateral in existence on the date hereof except for Permitted Liens expressly permitted by the Credit Agreement.

4.3. Grantor Information. Schedule 3 sets forth, as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), (a) each Grantor's jurisdiction of organization, (b) the location of each Grantor's chief executive office, (c) each Grantor's exact legal name as it appears on its organizational documents, (d) each Grantor's federal business or tax identification number, and (e) each Grantor's organizational identification number.

4.4. Collateral Locations. Schedule 4 sets forth, as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), (a) each place of business of each Grantor (including its chief executive office), (b) all locations where all Inventory and the Equipment owned by each Grantor is kept, which may be located at other locations within the United States, and (c) whether each such Collateral location and place of business (including each Grantor's chief executive office) is owned or leased (and if leased, specifies the complete name and notice address of each lessor as set forth in the relevant lease). No Collateral is located outside the United States or in the possession of any lessor, bailee, warehouseman or consignee, except as indicated on Schedule 4.

4.5. Certain Property. Except as set forth on Schedule 9. none of the Collateral constitutes, or is the Proceeds of, (a) Farm Products, (b) Health-Care-Insurance Receivables or (c) vessels, aircraft or any other property subject to any certificate of title or other registration statute of the United States, any state or other jurisdiction, except for personal vehicles owned by the Grantors and used by employees of the Grantors in the ordinary course of business.

4.6. Investment Property.

(a) The shares of Pledged Equity pledged by each Grantor hereunder constitute all the issued and outstanding equity interests of each Issuer owned by such Grantor.

(b) All of the Pledged Equity issued by a Subsidiary of the Grantor has been duly and validly issued and is fully paid and nonassessable.

(c) Each of the Intercompany Notes (if any) constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms (subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing).

(d) Schedule 1 lists all Investment Property owned by each Grantor as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor) (other than the Diagnostic Company Note). Each Grantor is the record and beneficial owner of the Investment Property pledged by it hereunder that it purports to own, free of any and all Liens or options in favor of, or claims of, any other Person, except the security interest created by this Agreement and, in the case of Investment Property which does not constitute Pledged Equity issued by a Subsidiary of the Grantor or Intercompany Notes, for Permitted Liens.

4.7. Receivables.

(a) No amount payable to such Grantor under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper which has not been delivered to Agent.

(b) The amounts represented by such Grantor to Lenders from time to time as owing to such Grantor in respect of the Receivables (to the extent such representations are

required by any of the Loan Documents) will at all such times be accurate in all material respects, subject to the inability to collect Receivables in the ordinary course of business.

4.8. Intellectual Property.

Schedule 5 lists all Intellectual Property owned by each Grantor in its own name (or a former name) on the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor).

On the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), all Intellectual Property owned by any Grantor is valid, subsisting, unexpired and enforceable, has not been abandoned and, to such Grantor's knowledge, does not infringe on the intellectual property rights of any other Person.

Except as set forth in Schedule 5. as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), none of the Intellectual Property owned by a Grantor is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor.

Except as set forth in Schedule 5. no holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of, or any Grantor's rights in, any Intellectual Property owned by any Grantor.

Except as set forth in Schedule 5. no action or proceeding is pending, or, to the knowledge of such Grantor, threatened, as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor) (i) seeking to limit, cancel or question the validity of any Intellectual Property or any Grantor's ownership interest therein, or (ii) which, if adversely determined, would materially and adversely affect the value of any Intellectual Property.

Each Grantor owns and possesses or has a license or other right to use all Intellectual Property as is necessary for the conduct of the businesses of such Grantor, without any infringement, to such Grantor's knowledge, upon rights of others.

4.9. Deposit Accounts and Other Accounts . All Deposit Accounts and all other bank accounts, securities accounts and other accounts maintained by each Grantor as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), are described on Schedule 6 hereto, which description includes for each such account the name of the Grantor maintaining such account, the name, address, telephone and fax numbers of the financial institution at which such account is maintained, the account number and the account officer, if any, of such account.

4.10. Excluded Property. Except as set forth in Schedule 8. each Grantor represents, warrants and covenants that it does not, as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), own any Excluded Property, which when aggregated, are material to the business of such Grantor.

5. Covenants.

Each Grantor covenants and agrees with Agent and Lenders that, from and after the date of this Agreement until the Secured Obligations shall have been Paid in Full:

5.1. Delivery of Instruments. Certificated Securities and Chattel Paper . If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument (other than the Diagnostic Company Note) (other than, for greater certainty, a license agreement), Certificated Security or Chattel Paper, such Instrument, Certificated Security or Chattel Paper shall be promptly delivered to Agent, duly indorsed in a manner reasonably satisfactory to Agent, to be held as Collateral pursuant to this Agreement and in the case of Electronic Chattel Paper, the applicable Grantor shall cause Agent to have control thereof within the meaning set forth in Section 9-105 of the Code; provided, however, that Grantor shall not be required to deliver any Certificated Securities with respect to any Immaterial Subsidiaries except as otherwise may be required in the Post-Closing Agreement. In the event that a Default or an Event of Default shall have occurred and be continuing, upon the request of Agent, any Instrument, Certificated Security or Chattel Paper not theretofore delivered to Agent and at such time being held by any Grantor shall be immediately delivered to Agent, duly indorsed in a manner satisfactory to Agent, to be held as Collateral pursuant to this Agreement and in the case of Electronic Chattel Paper, the applicable Grantor shall cause Agent to have control thereof within the meaning set forth in Section 9-105 of the Code.

5.2. Maintenance of Perfected Security Interest; Further Documentation .

Except as expressly permitted by this Agreement or the Credit Agreement, such Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 4.2 and shall defend such security interest against the claims and demands of all Persons whomsoever, provided that, unless otherwise required by Agent in writing at any time following the occurrence and continuance of an Event of Default, such security interest need not be perfected in property of the Grantor in which a security interest may not be perfected by filing a financing statement under the Code, having a value less than $100,000 individually or $350,000 in the aggregate.

Such Grantor will furnish to Agent and Lenders from time to time statements and schedules further identifying and describing the assets and property of such Grantor and such other reports in connection therewith as Agent may reasonably request, all in reasonable detail.

At any time and from time to time, upon the reasonable written request of Agent, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including (i) filing any financing or continuation statements under the Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby, (ii) in the case of Investment Property, Deposit Accounts, Electronic Chattel Paper and Letter of Credit Rights and any other relevant Collateral, taking any actions necessary to enable Agent to obtain “control” (within the meaning of Code) with respect thereto, in each case pursuant to documents in form and substance reasonably satisfactory to Agent, provided that so long as no Event of Default has occurred and is continuing, no Grantor shall be required to cause the Agent to have control over such Investment

Property, Electronic Chattel Paper, Letter of Credit Rights or other relevant Collateral (other than any Deposit Account) having a value less than $100,000 individually or $350,000 in the aggregate and (iii) during the continuance of an Event of Default, if requested by Agent, delivering, to the extent permitted by law, any original motor vehicle certificates of title received by such Grantor from the applicable secretary of state or other Governmental Authority after information reflecting Agent's security interest has been recorded therein.

Such Grantor authorizes Agent to, at any time and from time to time, file financing statements, continuation statements, and amendments thereto that describe the Collateral (including describing the Collateral as "all assets" of each Grantor, or words of similar effect), and which contain any other information required pursuant to the Code for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment, and each Grantor agrees to furnish any such information to Agent promptly upon request. Any such financing statement, continuation statement, or amendment may be signed (to the extent signature of a Grantor is required under applicable law) by Agent on behalf of any Grantor and may be filed at any time in any jurisdiction.

Such Grantor shall, at any time and from time to time, take such steps as Agent may reasonably request for Agent (i) to obtain an acknowledgement, in form and substance reasonably satisfactory to Agent, of any bailee having possession of any of the Collateral (provided that such Grantor shall not be required to obtain any such acknowledgement as it relates to Collateral having a value less than $100,000 individually or $350,000 in the aggregate (unless otherwise required by Agent in writing at any time following the occurrence and continuance of an Event of Default), stating that the bailee holds such Collateral for Agent, (ii) to obtain "control" of any Letter-of-Credit Rights, or Electronic Chattel Paper (within the meaning of the code) with any agreements establishing control to be in form and substance reasonably satisfactory to Agent (provided that such Grantor shall not be required to ensure Agent has "control" over any such Collateral described in this clause (ii) having a value less than $100,000 individually or $350,000 in the aggregate unless otherwise required by Agent in writing at any time following the occurrence and continuance of an Event of Default) and (iii) otherwise to insure the continued perfection and priority of Agent's security interest in any of the Collateral and of the preservation of its rights therein to the extent required in this Agreement and the Credit Agreement.

Without limiting the generality of the foregoing, if such Grantor at any time holds or acquires an interest in any Electronic Chattel Paper or any "transferable record", as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in §16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, such Grantor shall promptly notify Agent thereof and, at the request of Agent, shall take such action as Agent may reasonably request to vest in Agent "control" under Section 9-105 of the Code of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, §16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. Agent agrees with the Grantors that Agent will arrange, pursuant to procedures reasonably satisfactory to Agent and so long as such procedures will not result in Agent's loss of control, for the Grantors to make alterations to such electronic chattel paper or transferable record permitted under Section 9-105 of the Code or, as the case may be, Section 201 of the federal Electronic

Signatures in Global and National Commerce Act or §16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by any Grantor with respect to such electronic chattel paper or transferable record.

5.3. Changes in Locations. Name, etc. Except as permitted by the Credit Agreement, such Grantor shall not, except upon 30 days' prior written notice to Agent and delivery to Agent of (a) all additional financing statements and other documents reasonably requested by Agent as to the validity, perfection and priority of the security interests provided for herein and (b) if applicable, a written supplement to Schedule 4 showing any additional location at which Inventory or Equipment having a fair market value greater than $100,000 at any single location shall be kept:

(i) permit any of the Inventory or Equipment to be kept at a location other than those listed on Schedule 4; provided, that up to $100,000 in fair market value of any such Inventory and Equipment may be kept at other single locations;

(ii) change the location of its chief executive office from that specified on Schedule 3 or in any subsequent notice delivered pursuant to this Section 5.3; or

(iii) change its name, identity or corporate structure (including without limitation, the merger into or with any other Person).

Such Grantor shall not change its jurisdiction of organization without the prior written consent of Required Lenders, which consent will not be unreasonably withheld or delayed.

5.4. Notices. Such Grantor will advise Agent and Lenders promptly, in reasonable detail, of:

(a) any Lien (other than Permitted Liens) on any of the Collateral; and

(b) the occurrence of any other event which could reasonably be expected to have a material and adverse effect on the aggregate value of the Collateral or on the Liens created hereby.

5.5. Investment Property.

If such Grantor shall become entitled to receive or shall receive any certificate, option or rights in respect of the equity interests of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any of the Pledged Equity, or otherwise in respect thereof, such Grantor shall accept the same as the agent of Agent and Lenders, hold the same in trust for Agent and Lenders and deliver the same forthwith to Agent in the exact form received, duly indorsed (but without any representation or warranty) by such Grantor to Agent, if required, together with an undated instrument of transfer covering such certificate duly executed in blank by such Grantor to be held by Agent, subject to the terms hereof, as additional Collateral for the Secured Obligations. Upon the occurrence and during the continuance an Event of Default, (i) any sums paid upon or in respect of the Investment Property upon the liquidation or

dissolution of any Issuer shall be paid over to Agent to be held, at Agent's option, either by it hereunder as additional Collateral for the Secured Obligations or applied to the Secured Obligations as provided in Section 6.5. and (ii) in case any distribution of capital shall be made on or in respect of the Investment Property or any property shall be distributed upon or with respect to the Investment Property pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected Lien in favor of Agent, be delivered to Agent to be held, at Agent's option, either by it hereunder as additional Collateral for the Secured Obligations or applied to the Secured Obligations as provided in Section 6.5. Upon the occurrence and during the continuance of an Event of Default, if any sums of money or property so paid or distributed in respect of the Investment Property shall be received by such Grantor, such Grantor shall, until such money or property is paid or delivered to Agent, hold such money or property in trust for Lenders, segregated from other funds of such Grantor, as additional Collateral for the Secured Obligations.

Without the prior written consent of Agent, such Grantor will not, so long as an Event of Default has occurred and is continuing and to the extent permitted by the Credit Agreement, (i) vote to enable, or take any other action to permit, any Issuer to issue any equity interests of any nature or to issue any other securities or interests convertible into or granting the right to purchase or exchange for any equity interests of any nature of any Issuer, (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Investment Property or Proceeds thereof (except pursuant to a transaction expressly permitted by the Credit Agreement) other than, with respect to Investment Property not constituting Pledged Stock or Pledged Notes, and such action which is not prohibited by the Credit Agreement, (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Investment Property or Proceeds thereof, or any interest therein, except for Permitted Liens, or (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor or Agent to sell, assign or transfer any of the Investment Property or Proceeds thereof, except, with respect to such Investment Property, shareholders' agreements entered into by such Grantor with respect to Persons in which such Grantor maintains an ownership interest of 50% or less.

In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Investment Property issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify Agent promptly in writing of the occurrence of any of the events described in Section 5.5(a) with respect to the Investment Property issued by it and (iii) the terms of Sections 6.3(c) shall apply to such Grantor with respect to all actions that may be required of it pursuant to Section 6.3(c) regarding the Investment Property issued by it.

5.6. Receivables.

Other than in the ordinary course of business, without the prior written consent of Agent, such Grantor will not (i) grant any extension of the time of payment of any Receivable, (ii) compromise or settle any Receivable for less than the full amount thereof, (iii) release, wholly or partially, any Person liable for the payment of any Receivable, (iv) allow any credit or discount whatsoever on any Receivable or (v) amend, supplement or modify any Receivable in

any manner that could materially adversely affect the value thereof, to the extent that any action in clauses (i) - (iv) above would reasonably be expected to have a Material Adverse Effect.

Such Grantor will deliver to Agent a copy of each material demand, notice or document received by it that questions or calls into doubt the validity or enforceability of more than 10% of the aggregate amount of the then outstanding Receivables for all Grantors.

5.7. Intellectual Property.

Such Grantor (either itself or through licensees) will (i) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable law, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless Agent, for the ratable benefit of Lenders, shall obtain a perfected security interest in such mark pursuant to this Agreement and the IP Security Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated or impaired in any way, to the extent that any action in clauses (i) - (v) could reasonably be expected to have a Material Adverse Effect.

Such Grantor (either itself or through licensees) will not do any act, or omit to do any act, whereby any Patent may become forfeited, abandoned or dedicated to the public, to the extent such act or omission could reasonably be expected to have a Material Adverse Effect.

Such Grantor (either itself or through licensees) (i) will employ each Copyright and (ii) will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of the Copyrights may become invalidated or otherwise impaired and which could reasonably be expected to have a Material Adverse Effect. Such Grantor will not (either itself or through licensees) do any act whereby any material portion of the Copyrights may fall into the public domain and which could reasonably be expected to have a Material Adverse Effect.

Such Grantor (either itself or through licensees) will not do any act that knowingly uses any Intellectual Property to infringe the intellectual property rights of any other Person.

Such Grantor will notify Agent and Lenders promptly if it knows, or has reason to know, that any application or registration relating to any Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office, or any court or tribunal in any country) regarding, such Grantor's ownership of, or the validity of, any Intellectual Property or such Grantor's right to register the same or to own and maintain the same, except to the extent that such forfeiture, abandonment or dedication, or adverse determination or development would not reasonably be expected to have a Material Adverse Effect.

Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office, or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to Agent concurrently with the next delivery of financial statements of Borrower pursuant to Section 6.1.1 or 6.1.2 of the Credit Agreement, as applicable. Upon the request of Agent, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as Agent may reasonably request to evidence Agent's and Lenders' security interest in any Copyright, Patent or Trademark and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

Such Grantor will take all reasonable and necessary steps to maintain and pursue each application referred to in Section 5.17(f). (and to obtain the relevant registration), except to the extent the failure to maintain and pursue such application would not reasonably be expected to have a Material Adverse Effect, and to maintain each registration of all Intellectual Property owned by it, except to the extent that the failure to maintain registration of all Intellectual Property owned by it would not reasonably be expected to have a Material Adverse Effect.

(a) In the event that any Intellectual Property is infringed upon or misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify Agent after it learns thereof and, to the extent, in its reasonable judgment, such Grantor determines it appropriate under the circumstances, sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.

5.8. Deposit Accounts and Other Accounts . Such Grantor hereby authorizes the financial institutions at which such Grantor maintains a Deposit Account, other bank account, securities account or other account to provide Agent with such information with respect to such account as Agent may from time to time reasonably request, and each Grantor hereby consents to such information being provided to Agent. Such Grantor will cause each financial institution at which such Grantor maintains a Deposit Account or other account to enter into a control agreement or other similar agreement with Agent and such Grantor, in form and substance reasonably satisfactory to Agent, in order to give Agent “control” (within the meaning set forth in Section 9-104 of the Code) of such account, except for Exempt Accounts.

5.9. Other Matters. Such Grantor shall cause to be delivered to Agent, at Agent's request, a Collateral Access Agreement with respect to (a) each bailee with which such Grantor keeps Inventory or other assets as of the Closing Date having a value in excess of $50,000 and (b) each landlord which leases real property (and the accompanying facilities) to such Grantor as of the Closing Date at which it maintains its chief executive office or a substantial amount of its books or records. If such Grantor shall (x) cause to be delivered Inventory or other property having a value in excess of $50,000 to any bailee after the Closing Date, such Grantor shall on or prior to such delivery cause such bailee to sign a Collateral Access Agreement or (y) enter into any lease for real property after the Closing Date at which it maintains its chief executive office

or a substantial amount of its books and records, such Grantor shall on or prior to the first day of the term of such lease cause the landlord to sign a Collateral Access Agreement.

5.10. Commercial Tort Claims. If such Grantor shall at any time acquire any Commercial Tort Claim, such Grantor shall promptly notify Agent thereof in writing, therein providing a reasonable description and summary thereof, and upon delivery thereof to Agent, such Grantor shall be deemed to thereby grant to Agent (and such Grantor hereby grants to Agent) a security interest in such Commercial Tort Claim and all proceeds thereof, and such Grantor shall execute such documentation as Agent shall require in order to document and effectuate such grant of a security interest.

6. Remedial Provisions.

6.1. Certain Matters Relating to Receivables.

At any time and from time to time after the occurrence and during the continuance of an Event of Default, Agent shall have the right to make test verifications of the Receivables in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information Agent may reasonably require in connection with such test verifications. At any time and from time to time after the occurrence and during the continuance of an Event of Default, upon Agent's reasonable request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others reasonably satisfactory to Agent to furnish to Agent reports showing reconciliations, agings and test verifications of, and trial balances for, the Receivables.

If required by Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected or received by or on behalf of any Grantor, (i) shall be forthwith (and, in any event, within 2 Business Days) deposited by such Grantor in the exact form received, duly indorsed (but without any representation or warranty) by such Grantor to Agent if required, in a collateral account maintained under the sole dominion and control of Agent, for application to the Secured Obligations in accordance with Section 6.5, and (ii) until so turned over, shall be held by such Grantor in trust for Agent and Lenders, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

At any time and from time to time after the occurrence and during the continuance of an Event of Default, at Agent's request, each Grantor shall deliver to Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including all original orders, invoices and shipping receipts.

6.2. Communications with Obligors; Grantors Remain Liable.

Agent in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables to verify with them to Agent's reasonable satisfaction the existence, amount and terms of any Receivables.

Upon the request of Agent at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify obligors on the Receivables that the Receivables have been assigned to Agent for the ratable benefit of Lenders and that payments in respect thereof shall be made directly to Agent.

Anything herein to the contrary notwithstanding, each Grantor shall remain liable in respect of each of the Receivables to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. Neither Agent nor any Lender shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by Agent or any Lender of any payment relating thereto, nor shall Agent or any Lender be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(a) For the purpose of enabling Agent to exercise rights and remedies under this Agreement, each Grantor hereby grants to Agent, for the benefit of Agent and Lenders, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, license or sublicense any Intellectual Property that constitutes part of the Collateral now owned or hereafter acquired by such Grantor, to the extent such Intellectual Property may be so licensed or sublicensed, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

6.3. Investment Property.

(a) Unless an Event of Default shall have occurred and be continuing and Agent shall have given notice to the relevant Grantor of Agent's intent to exercise its corresponding rights pursuant to Section 6.3(b). each Grantor shall be permitted to receive all cash dividends and distributions, payments and Proceeds paid in respect of the Pledged Equity, the Pledged Notes and all other Investment Property that constitutes Collateral, to the extent permitted in the Credit Agreement, and to exercise all voting and other rights and any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Pledged Equity, Pledged Notes and Investment Property (including the right to exchange at its discretion any and all of the Investment Property upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate or other structure of any Issuer, or upon the exercise by such Grantor of any right, privilege or option pertaining to such Pledged Equity, Pledged Notes or Investment Property, and in connection therewith, the right to deposit and deliver any and all of such Pledged Equity, Pledged Notes and Investment Property with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as such Grantor may determine); provided, that no vote shall be cast or other right exercised or action taken which would be inconsistent with or result in any violation of any provision of the Credit Agreement, this Agreement or any other Loan Document.

(b) If an Event of Default shall occur and be continuing, upon notice to the relevant Grantor, Agent shall have the right to (i) receive any and all cash dividends and distributions, payments or other Proceeds paid in respect of the Investment Property and make application thereof to the Secured Obligations in accordance with Section 6.5. (ii) register any or all of the Investment Property in the name of Agent or its nominee, (iii) exercise, or permit its nominee to exercise, all voting and other rights pertaining to such Investment Property, and (iv) exercise, or permit its nominee to exercise, any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Investment Property as if it were the absolute owner thereof (including the right to exchange at its discretion any and all of the Investment Property upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate or other structure of any Issuer, or upon the exercise by any Grantor or Agent of any right, privilege or option pertaining to such Investment Property, and in connection therewith, the right to deposit and deliver any and all of the Investment Property with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as Agent may determine), all without liability except to account for property actually received by it, but Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Investment Property pledged by such Grantor hereunder to (i) comply with any instruction received by it from Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement and the Credit Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends, distributions or other payments with respect to the Investment Property directly to Agent.

6.4. Proceeds to be Turned Over To Agent. In addition to the rights of Agent specified in Section 6.1 with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all such Proceeds of Collateral received by or on behalf of any Grantor consisting of cash, checks and other cash equivalent items shall be held by such Grantor in trust for Agent and Lenders, segregated from other funds of such Grantor, and shall, at the written request of Agent, forthwith upon receipt by such Grantor, be turned over to Agent in the exact form received by such Grantor (duly indorsed (but without any representation or warranty) by such Grantor to Agent, if required). All Proceeds received by Agent hereunder shall be applied to the Secured Obligations as provided in Section 6.

6.5. Application of Proceeds. If an Event of Default shall have occurred and be continuing, Agent shall apply all or any part of Proceeds held in any collateral account established pursuant hereto or otherwise received by Agent to the payment of the Secured Obligations in a manner that is consistent with the provisions of Section 2.10.2 of the Credit Agreement.

6.6. Code and Other Remedies. If an Event of Default shall occur and be continuing, Agent, on behalf of Lenders, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or

relating to the Secured Obligations, all rights and remedies of a secured party under the Code, or any other applicable foreign or domestic law. Without limiting the generality of the foregoing, if an Event of Default shall occur or be continuing, Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of Agent or any Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery with assumption of any credit risk. Agent may disclaim any warranties that might arise in connection with any such lease, assignment, grant of option or other disposition of Collateral and have no obligation to provide any warranties at such time. Agent or any Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Such sales may be adjourned and continued from time to time with or without notice. Agent shall have the right to conduct such sales on any Grantor's premises or elsewhere and shall have the right to use any Grantor's premises without charge for such time or times as Agent deems necessary or advisable. Each Grantor further agrees after an Event of Default has occurred and is continuing, at Agent's request, to assemble the Collateral and make it available to Agent at places which Agent shall reasonably select, whether at such Grantor's premises or elsewhere. Agent shall apply the net proceeds of any action taken by it pursuant to this Section 6.6. after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of Agent and Lenders hereunder, including reasonable attorneys' fees and disbursements, to the payment of the Secured Obligations in a manner that is consistent with the provisions of Section 2.10.2 of the Credit Agreement. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against Agent or any Lender arising out of the exercise by them of any rights hereunder, except to the extent such claims, damages or demands arise from the gross negligence, willful misconduct or bad faith of the Agent or Lenders. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper so long as (a) it is given at least 15 days before such sale or other disposition, and (b) contains such information as may be prescribed by applicable law.

6.7. Pledged Equity. Each Grantor recognizes that Agent may be unable to effect a public sale of any or all the Pledged Equity, by reason of certain prohibitions contained in the Securities Act and other applicable securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. Agent shall be under no obligation to delay a sale of any of the Pledged Equity for the period of time necessary to permit

the Issuer thereof to register such securities or other interests for public sale under the Securities Act, or other applicable state securities laws, even if such Issuer would agree to do so.

6.8. Deficiency. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient for the Secured Obligations to be Paid in Full and the fees and disbursements of any attorneys employed by Agent or any Lender to collect such deficiency.

6.9. Permitted Licenses. Agent covenants and agrees that in connection with any foreclosure or other exercise of Agent's rights with respect to Permitted Licenses, Agent shall not terminate, limit, or otherwise adversely affect the rights of the licensees or sublicensees under such Permitted Licenses, so long as such licensee or sublicensee is not then otherwise in default under the applicable Permitted License in a way that would permit the applicable licensor to terminate such Permitted License.

7. Agent.

7.1. Agent's Appointment as Attorney-in-Fact etc.

(a) Each Grantor hereby irrevocably constitutes and appoints Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact and proxy with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of strictly carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives Agent the power and right, on behalf of and at the expense of such Grantor, without notice to or assent by such Grantor, to do any or all of the following to the extent otherwise expressly permitted by the terms of this Agreement and the Credit Agreement (including the satisfaction of any requirement to give notice to such Grantor prior to doing any of the following):

(i) in the name of such Grantor or its own name, or otherwise, take possession of and indorse (but without any representation or warranty) and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise reasonably deemed appropriate by Agent for the purpose of collecting any and all such moneys due under any Receivable or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as Agent may reasonably request to evidence Agent's security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) discharge Liens levied or placed on or threatened against the Collateral, and effect any repairs or insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iv) execute, in connection with any sale provided for in Section 6.6 or 6/7, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) 7.1.2. direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to Agent or as Agent shall direct; (B) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) sign and indorse (but without any representation or warranty) any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (E) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (F) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as Agent may deem appropriate; (G) assign any Copyright, Patent or Trademark, throughout the world for such term or terms, on such conditions, and in such manner, as Agent shall in its sole discretion determine; (H) vote any right or interest with respect to any Investment Property; (I) order good standing certificates and conduct lien searches in respect of such jurisdictions or offices as Agent may deem appropriate; and (J) generally sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Agent were the absolute owner thereof for all purposes, and do, at Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which Agent deems necessary to protect, preserve or realize upon the Collateral and Agent's security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

(b) THE POWER-OF-ATTORNEY AND PROXY GRANTED HEREBY IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW. SUCH PROXY SHALL BE EFFECTIVE AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY INVESTMENT PROPERTY ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF THE INVESTMENT PROPERTY OR ANY OFFICER OR AGENT THEREOF). Each Grantor acknowledges and agrees that in any event such power-of-attorney and proxy is intended to and shall, to the fullest extent permitted by applicable law, be valid and irrevocable until (x) the Secured Obligations have been Paid in Full and (y) Lenders and Agent have no further obligations under the Loan Documents. Such power-of-attorney and proxy shall be valid and irrevocable as provided herein notwithstanding any limitations to the contrary set forth in the charter, bylaws or other organizational documents of the relevant entities.

(c) Upon exercise of the proxy set forth herein, all prior proxies given by any Grantor with respect to any of the Investment Property (other than to Agent or otherwise pursuant to the Loan Documents) are hereby revoked, and until the Secured Obligations are Paid in Full no subsequent proxies (other than to Agent or otherwise under the Loan Documents) will

be given with respect to any of the Investment Property. To the extent permitted by this Agreement, Agent, as proxy, will be empowered and may exercise the irrevocable proxy to vote the Investment Property at any and all times, including but not limited to, at any meeting of shareholders, partners or members, as the case may be, however called, and at any adjournment thereof, or in any action by written consent, and may waive any notice otherwise required in connection therewith. To the fullest extent permitted by applicable law, Agent shall have no agency, fiduciary or other implied duties to any Grantor or any other party when acting in its capacity as such attorney-in-fact or proxy. Each Grantor hereby waives and releases any claims that it may otherwise have against Agent with respect to any breach or alleged breach of any such agency, fiduciary or other duty, other than claims resulting from the gross negligence, bad faith or willful misconduct of Agent. Notwithstanding the foregoing grant of a power of attorney and proxy, Agent shall have no duty to exercise any such right or to preserve the same and shall not be liable for any failure to do so or for any delay in doing so.

(d) Anything in Section 7.1 (a) to the contrary notwithstanding, Agent agrees that it will not exercise any rights under the power of attorney provided for in this Section 7.1 unless an Event of Default shall have occurred and be continuing.

(e) If any Grantor fails to perform or comply with any of its agreements contained herein, Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement at such Grantor's sole cost and expense.

(f) Each Grantor hereby ratifies all that such attorneys shall be authorized hereunder to lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2. Duty of Agent. Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession shall be to deal with it in the same manner as Agent deals with similar property for its own account. Neither Agent or any Lender nor any of their respective officers, directors, employees or agents shall be liable for any failure to demand, collect or realize upon any of the Collateral or for any delay in doing so (except to the extent Agent, such Lender or such officers, directors, employees or agents acted with gross negligence, bad faith or in willful misconduct as determined by a court of competent jurisdiction) or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on Agent and Lenders hereunder are solely to protect Agent's and Lenders' interests in the Collateral and shall not impose any duty upon Agent or any Lender to exercise any such powers. Agent and Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except to the extent Agent or a Lender (or such officer, director, employee or agent) acted with gross negligence, bad faith or in willful misconduct as determined by a court of competent jurisdiction.

7.3. Photocopy of this Agreement. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

7.4. Authority of Agent. Each Grantor acknowledges that the rights and responsibilities of Agent under this Agreement with respect to any action taken by Agent or the exercise or non-exercise by Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between Agent and Lenders, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between Agent and the Grantors, Agent shall be conclusively presumed to be acting as agent for Lenders with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

8. Miscellaneous.

8.1. Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 10.1 of the Credit Agreement.

8.2. Notices. All notices, requests and demands to or upon Agent or any Grantor hereunder shall be effected in the manner provided for in Section 10.2 of the Credit Agreement and each such notice, request or demand to or upon any Grantor shall be addressed to such Grantor in care of Borrower at Borrower's notice address set forth on Schedule 1.

8.3. Indemnification by Grantors. Each Grantor hereby agrees, on a joint and several basis, to indemnify, exonerate and hold Agent, each Lender and each of the officers, directors, employees, Affiliates and agents of Agent and each Lender (each a "Lender Party" and collectively, the "Lender Parties") free and harmless from and against any and all actions, causes of action, suits, losses, liabilities, damages and expenses, including Legal Costs, but expressly excluding any consequential, special or lost profits damages (collectively, the "Indemnified Liabilities"), incurred by Lender Parties or any of them as a result of, or arising out of, or relating to any act or omission by Borrower or any of its officer, directors, agents, including without limitation (a) any tender offer, merger, purchase of equity interests, purchase of assets or other similar transaction financed or proposed to be financed in whole or in part, directly or indirectly, with the proceeds of any of the Loans, (b) the use, handling, release, emission, discharge, transportation, storage, treatment or disposal of any hazardous substance at any property owned or leased by any Grantor or any Subsidiary, (c) any violation of any Environmental Laws with respect to conditions at any property owned or leased by any Grantor or any Subsidiary or the operations conducted thereon, (d) the investigation, cleanup or remediation of offsite locations at which any Grantor or any Subsidiary or their respective predecessors are alleged to have directly or indirectly disposed of hazardous substances, or (e) the execution, delivery, performance or enforcement of this Agreement or any other Loan Document by any Lender Party, except to the extent any such Indemnified Liabilities result from the applicable Lender Party's own gross negligence, bad faith or willful misconduct as determined by a court of competent jurisdiction. If and to the extent that the foregoing undertaking may be unenforceable for any reason, each Grantor hereby agrees to make the maximum contribution to the payment and satisfaction of

each of the Indemnified Liabilities which is permissible under applicable law. The agreements in this Section 8.3 shall survive repayment of the Secured Obligations, any foreclosure under, or any modification, release or discharge of, any or all of the Collateral Documents and termination of this Agreement.

8.4. **Enforcement Expenses.**

(a) Each Grantor agrees, on a joint and several basis, to pay or reimburse on demand each Lender and Agent for all duly documented, reasonable out-of-pocket costs and expenses (including Legal Costs) incurred in collecting against any Guarantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents.

(b) Each Grantor agrees to pay, and to save Agent harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) The agreements in this Section 8.4 shall survive repayment of the Secured Obligations, any foreclosure under, or any modification, release or discharge of, any or all of the Collateral Documents and termination of this Agreement.

8.5. Captions. Captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

8.6. Nature of Remedies. All Secured Obligations of each Grantor and rights of Agent and Lenders expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable law. No failure to exercise and no delay in exercising, on the part of Agent or any Lender, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

8.7. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement. Receipt by facsimile machine or in ".pdf' format through electronic mail of any executed signature page to this Agreement or any other Loan Document shall constitute effective delivery of such signature page. This Agreement and the other Loan Documents to the extent signed and delivered by means of a facsimile machine or other electronic transmission (including ".pdf), shall be treated in all manner and respects and for all purposes as an original agreement or amendment and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such other Loan Document shall raise the use of a facsimile machine or other electronic transmission to deliver a signature or the fact that any signature or agreement or amendment was transmitted or communicated through the use of a facsimile machine or other electronic transmission as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

8.8. Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

8.9. Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the parties hereto and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof and any prior arrangements made with respect to the payment by any Grantor of (or any indemnification for) any fees, costs or expenses payable to or incurred (or to be incurred) by or on behalf of Agent or Lenders.

8.10. Successors; Assigns. This Agreement shall be binding upon Grantors, Lenders and Agent and their respective successors and assigns, and shall inure to the benefit of Grantors, Lenders and Agent and the successors and assigns of Lenders and Agent. No other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents. No Grantor may assign or transfer any of its rights or Obligations under this Agreement without the prior written consent of Agent.

8.11. Governing Law. THIS AGREEMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES (OTHER THAN SECTION 5- 1401 AND SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS CODE).

8.12. Forum Selection; Consent to Jurisdiction . ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH PARTY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, U.S. FIRST CLASS POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

8.13. Waiver of Jury Trial. EACH GRANTOR, AGENT AND EACH LENDER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR

DEFEND ANY RIGHTS UNDER THIS AGREEMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

8.14. Set-off. Each Grantor agrees that Agent and each Lender have all rights of set- off and bankers' lien provided by applicable law, and in addition thereto, each Grantor agrees that at any time any Event of Default has occurred and is continuing, Agent and each Lender may apply to the payment of any Secured Obligations, whether or not then due, any and all balances, credits, deposits, accounts or moneys of such Grantor then or thereafter with Agent or such Lender.

8.15. Acknowledgements. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) it has received a fully executed copy of this Agreement;

(c) neither Agent nor any Lender has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand, and Agent and Lenders, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(d) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among Lenders or among the Grantors and Lenders.

8.16. Additional Grantors. Each Loan Party that is required to become a party to this Agreement pursuant to Section 6.8 of the Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Loan Party of a joinder agreement in the form of Annex I hereto.

8.17. Releases.

(a) At such time as the Secured Obligations have been Paid in Full, the Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of Agent and each Grantor hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, Agent shall deliver to the Grantors any Collateral held by Agent hereunder, and execute and deliver to the Grantors such documents as the Grantors shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement, then Agent, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases or other

documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral, so long as Borrower delivers to Agent a certificate of an officer of Borrower as to such sale or disposition being made in compliance with the Loan Documents. At the request and sole expense of Borrower, a Subsidiary Guarantor shall be released from its obligations hereunder in the event that all the equity interests of such Subsidiary Guarantor shall be sold, transferred, liquidated, dissolved or otherwise disposed of in a transaction permitted by the Credit Agreement; provided that Borrower shall have delivered to Agent, with reasonable notice prior to the date of the proposed release, a written request for release identifying the relevant Subsidiary Guarantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by Borrower stating that such transaction is in compliance with the Credit Agreement and the other Loan Documents.

8.18. Obligations and Liens Absolute and Unconditional . Each Grantor understands and agrees that the obligations of each Grantor under this Agreement shall be construed as continuing, absolute and unconditional without regard to (a) the validity or enforceability of any Loan Document, any of the Secured Obligations or any other collateral security therefor or guaranty or right of offset with respect thereto at any time or from time to time held by Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Grantor or any other Person against Agent or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of any Grantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Grantor for the Secured Obligations, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Grantor, Agent or any Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against any other Grantor or any other Person or against any collateral security or guaranty for the Secured Obligations or any right of offset with respect thereto, and any failure by Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from any other Grantor or any other Person or to realize upon any such collateral security or guaranty or to exercise any such right of offset, or any release of any other Grantor or any other Person or any such collateral security, guaranty or right of offset, shall not relieve any Grantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of Agent or any Lender against any Grantor. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings.

8.19. Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor or any Issuer for liquidation or reorganization, should any Grantor or any Issuer become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's or any Issuer's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a “voidable preference”, “fraudulent conveyance”, or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced,

restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

8.20. Conflicting Terms. In the event of any conflict between the terms of this Agreement and the terms of the Credit Agreement, the terms of the Credit Agreement shall control.

[Signature page follows]

Each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

GRANTORS:

PDI, INC.,
a Delaware corporation

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

GROUP DCA, LLC,
a Delaware limited liability company

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

INTERPACE BIOPHARMA, LLC,
a New Jersey limited liability company

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

INTERPACE DIAGNOSTICS, LLC,
a Delaware limited liability company

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

JS GENETICS, INC.,
a Delaware corporation

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

REDPATH ACQUISITION SUB, INC.,
a Delaware corporation

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: President

AGENT:

SWK FUNDING LLC

By: /s/ Winston Black
Name: Winston Black
Title: Managing Director

SCHEDULE 1

INVESTMENT PROPERTY

A. PLEDGED EQUITY

Company Name	**Owner Name**	**Number and type of ownership interests pledged**	**Percentage of company pledged by listed owner**
Inserve Support Solutions	PDI, Inc.	Any and all ownership interests held by PDI, Inc. in this entity.	100%
PDI Investment Company, Inc.	PDI, Inc.	3000 shares of Common Stock	100%
TVG, Inc., a Delaware corporation incorporated 9/19/1986, having Delaware Entity No. 2102057 ("TVG, Inc.")	PDI, Inc.	Any and all ownership interests held by PDI,Inc. in this entity	100%
Group DCA, LLC	PDI, Inc.	8,693,250 shares of interest in company	100%
Interpace BioPharma, LLC	PDI, Inc.	Membership Interests	100%
Interpace Diagnostics, LLC	PDI, Inc.	Membership Interest	100%
JS Genetics, Inc.	Interpace Diagnostics, LLC	500 shares of Common Stock	100%
RedPath Acquisition Sub, Inc.[1]	Interpace Diagnostics, LLC	100 shares of Common Stock	100%
Interpace Diagnostics Corporation[2]			

PDI, Inc. has the option to acquire 100% of the shares of Diagnostic Company pursuant to the terms and conditions of the Collaboration Agreement.

B. PLEDGED NOTES

None.

C. OTHER INVESTMENT PROPERTY

Borrower's securities account no. 7992-9731 at Wells Fargo.

[1] Immediately prior to closing of the RedPath Acquisition

[2] Immediately after closing of the RedPath Acquisition

PDFs initial fee of $1,500,000 paid to Diagnostic Company under terms of the Collaboration Agreement and recorded as an investment.

D. NOTICE ADDRESS

PDI, Inc.,
300 Interpace Parkway,
Morris Corporate Center 1, Building A,
Parsippany, NJ 07054

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SCHEDULE 2

Reserved.

SCHEDULE 3

GRANTOR INFORMATION

Grantor (exact legal name)	Jurisdiction of Organization	Federal Employer Identification Number	Chief Executive Officer	Organizational Identification Number
PDI, Inc.	Delaware	22-2919486	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	2821446
Group DCA, LLC	Delaware	Wholly-owned single member entity of PDI, Inc.	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	3155055
Interpace BioPharma, LLC	New lersey	Wholly-owned single member entity of PDI, Inc.	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	600375428
Interpace Diagnostics, LLC	Delaware	46-4149195	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	5448700
JS Genetics, Inc.	Delaware	80-0524822	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	3772747
RedPath Acquisition Sub, Inc.[3]	Delaware	N/A	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	5620117
Interpace Diagnostics Corporation[4]	Delaware	20-1422009	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	4354810

[3] Immediately prior to closing of the RedPath Acquisition

[4] Immediately after closing of the RedPath Acquisition

SCHEDULE 4

A. COLLATERAL LOCATIONS

Grantor	Collateral Location or Place of Business (including chief executive office)	Owner/Lessor (if leased)[5]
PDI Inc.	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Brookwood MC Investors, LLC and Brookwood MC II, LLC, as tenants in common Notice Address: Brookwood MC Investors, LLC Brookwood MC II, LLC 72 Cherry Hill Drive Beverly, MA 01915 Attention: Director, Asset Management
	425/475 Woodfield Corporate Center, Schaumburg, Illinois	Woodfield Realty Holding Company, LLC Notice Address: Woodfield Holdings PT, LLC c/o Lincoln Property Company Commercial, Inc. 475 North Martingale Road Suite 770 Schaumburg, Illinois 60173 Attn: General Manager With a copy to: Woodfield Holdings PT, LLC c/o GE Asset Management Incorproated 3001 Summer Street Stamford, Connecticut 06907-7900
	One Route 17 South, Suite 300, Saddle River, Bergen County, New Jersey	VRS Saddle River LLC Notice Address: VRS Saddle River LLC c/o Kwartler Associates, Inc. 2 North Street Waldwick, NJ 07463

[5] All locations listed are leased.

		With a copy to: TA Associates Realty 28 State Street Boston, MA 02109 Attn: Mr. Christopher J. Good
	Montgomery Corporate Center 200 Dryden Road, Upper Dublin, Pennsylvania, Building II, Phase I	Fort Washington Phase II Associates, L.P. Notice Address: c/o Steven J. Pozycki Morris Corporate Center IV Building C 379 Interpace Parkaway Parsippany, New Jersey 07504 With a copy to: Martin F. Dowd, Esq. McCarter & English, LLP Four Gateway Center 100 Mulberry Street Newark, New Jersey 07102
Group DCA, LLC	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Leased by PDI, Inc., see information above.
Interpace BioPharma, LLC	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Leased by PDI, Inc., see information above.
Interpace Diagnostics, LLC	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Leased by PDI, Inc., see information above.
JS Genetics, Inc. (subsidiary of Interpace Diagnostics, LLC)	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Leased by PDI, Inc., see information above.
	2 Church Street, New Haven, CT	WE 2 Church Street South LLC

		Notice Address: WE 2 Church Street South LLC c/o Winstanley Enterprises LLC 150 Baker Avenue Extension, Suite 303 Concord, MA 01742
RedPath Acquisition Sub, Inc.[6]	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Leased by PDI, Inc., see information above
Interpace Diagnostics Corporation[7]	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Leased by PDI, Inc., see information above.
		Spring Way Center, LLC
	3rd and 4th floors in a building located at 2515 Liberty Avenue, City of Pittsburgh, County of Allegheny, Commonwealth of Pennsylvania	Notice Address: Spring Way Center, LLC c/o Benyon & Company, Agent 1900 Allegheny Building Pittsburgh, PA 15219-1613
	Apartment 1205, 2349 Railroad Street, Pittsburgh, Pennsylvania 15222 Apartment 2414, 2359 Railroad Street, Pittsburgh, Pennsylvania 15222	The Cork Factory Notice Address: The Cork Factory 2349 Railroad Street Pittsburgh, PA 15222

All companies have sales representatives that work from home in various states that have certain company equipment, such as computers, in each case with a value below $2,000.

B. COLLATERAL IN POSSESSION OF LESSOR, BAILEE. CONSIGNEE OR WAREHOUSEMAN

Grantor	Collateral	Lessor/Bailee/Consignee/Warehouseman
All Grantors	Certain IT equipment at data center	SUNGARD AVAILABILITY SERVICES Carlstadt CRL-410 Data Center 410 Commerce Drive, Carlstadt, NJ, 07072

[6] Immediately prior to closing of the RedPath Acquisition

[7] Immediately after closing of the RedPath Acquisition

SCHEDULE 5

INTELLECTUAL PROPERTY

Licenses

Second Amended and Restated Exclusive License Agreement, effective as of March 18, 2014, by and between Yale University, as licensor, and JS Genetics, Inc., as licensee, with respect to an invention entitled "DCDC2 Mutations Cause Dyslexia (OCR 1742);"

Amended and Restated Exclusive License Agreement, effective as of March 18, 2014, by and between Yale University, as licensor, and JS Genetics, Inc., as licensee, with regard to an invention entitled "DNA Diagnostic Screening for Turner Syndrome and Sex Chromosome Disorders (OCR 1601);"

License Agreement, dated as of August 13, 2014, by and between Asuragen, Inc. and Interpace Diagnostics, LLC granting certain rights under CPRIT Agreement;

License Agreement, dated as of August 13, 2014, by and between Asuragen, Inc. and Interpace Diagnostics, LLC granting rights described therein;

Non-Exclusive License Agreement by and between Asuragen, Inc. and The Brigham Women's Hospital, Inc., with effective date of June 14, 2010 and amendment, transferred to Interpace Diagnostics, LLC taking the place of Asuragen, expected to be effective as of November 30, 2014[8];

License Agreement by and between Asuragen, Inc. and Ohio State Innovation Foundation, with effective date of November 10, 2011, with regard to Ohio State Technology 05083 entitled "MicroRNA Diagnostic Biomarkers and Therapeutic Targets for Pancreatic Cancer" transferred to Interpace Diagnostics, LLC taking the place of Asuragen, effective as of August 13, 2014;

Non-exclusive license agreement between The Johns Hopkins University and **PDI,** Inc., effective October 14,2014.

Copyrights

none

[8] This agreement will be transferred to Interpace Diagnostics, LLC once Asuragen completes its obligations under a TSA between Interpace Diagnostics, LLC and Asuragen. It is scheduled to be completed on November 30, 2014, but could be extended.

insert here

Patents

U.S. Cases:

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics	60/826,173 NA	09/19/2006 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	US
Interpace Diagnostics	11/857,948 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	US
Interpace Diagnostics	61/414,778 NA	11/17/2010 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	US
Interpace Diagnostics	13/299,226 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	US
Interpace Diagnostics	61/534,332 NA	09/13/2011 NA	Methods and Compositions Involving miR-135B for Distinguishing Pancreatic Cancer from Benign Pancreatic Disease	US
Interpace Diagnostics	61/536,486 NA	09/19/2011 NA	Methods and Compositions Involving miR-135B for Distinguishing Pancreatic Cancer from Benign Pancreatic Disease	US
Interpace Diagnostics	13/615,066 NA	9/13/2012 NA	Methods and Compositions Involving miR~135B for Distinguishing Pancreatic Cancer from Benign Pancreatic Disease	US
Interpace Diagnostics	61/552,451 NA	10/27/2011 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	US
Interpace Diagnostics	61/552,762 NA	10/27/2011 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	US
Interpace Diagnostics	13/662,450 NA	10/27/2012 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	US
Interpace Diagnostics	61/709,411 NA	10/04/2012 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	US
Interpace Diagnostics	61/716,396 NA	10/19/2012 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	US
Interpace Diagnostics	13/801,737 NA	3/13/2013 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	US

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
PDI, Inc.	13/436,259	3/30/2012	Consolidated Presentation Of Pharmaceutical Information From Multiple Sources	US
JS Genetics Inc.	13/266434	4/28/2010	Molecdular Diagnosis of Fragile X Syndrome Associated with FMR1 Gene	US
JS Genetics Inc.	13/266429	4/26/2010	Method of Prenatal Molecular Diagnosis of Down Syndrome and Other Trisomic Disorders	US

Foreign Cases:

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics	PCT/US07/78936 NA	09/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	PCT
Interpace Diagnostics	2007299828 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	AU
Interpace Diagnostics	2,664,383 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	CA
Interpace Diagnostics	12159733 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	EU
Interpace Diagnostics	2009-529373 5520605	9/19/2007 4/11/2014	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	JP
Interpace Diagnostics	PCT/US11/61237 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	PCT
Interpace Diagnostics	2011329772 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	AU
Interpace Diagnostics	1120130122650 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	BR
Interpace Diagnostics	2817882 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	CA
Interpace Diagnostics	14150739.2 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	EU

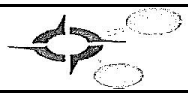
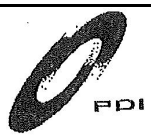
Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics	226356 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	IL
Interpace Diagnostics	2013540026 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	JP
Interpace Diagnostics	PCT/US2012/062330 NA	10/27/2012 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	PCT
Interpace Diagnostics	12787991.4 NA	10/27/2012 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	EU
Interpace Diagnostics	PCT/US2013/030990 NA	3/13/2013 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	PCT
PDI, Inc.	PCT/US2013/034670	3/29/2013	Consolidated Presentation Of Pharmaceutical Information From Multiple Sources	PCT

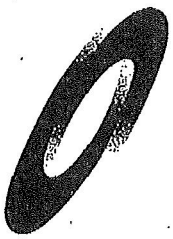
Co-owned Patent Applications

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics & Brig ham Women's Hospital	13/801,737 NA	3/13/2013 NA	Diagnostic Mirnas For Differential Diagnosis Of Incidental Pancreatic Cystic Lesions	US
Interpace Diagnostics & Brigham Women's Hospital	PCT/US2013/030990 NA	3/13/2013 NA	Diagnostic Mirnas For Differential Diagnosis Of Incidental Pancreatic Cystic Lesions	PCT

Trademarks

Owner	Mark	Country	App. Mo. Reg. No.
Interpace Diagnostics	MIRINFORM	US	77/447,187 3,546,361
Interpace Diagnostics	MIRINFORM	US	85/067,844 4,071,426

Owner	Mark	Country	App. Mo. Reg. No.
Interpace Diagnostics	MIRINFORM	US	85/067,850 4,071,427
Interpace Diagnostics	MIRINFORM	MP (CN)	A0035669 1162299
Interpace Diagnostics	MIRINFORM	MP (CN)	A0035671 11621785
Group DCA, LLC	DIAGRAM	US	85/145,671 3,970,284
Group DCA, LLC	CUECARD	US	78/826,562 3,486,366
Group DCA, LLC	PDONE	US	85/567,143 4,593,300
Group DCA, LLC	PDONE	US	85/567,130 4,593,299
Interpace Diagnostics, LLC	BaraGen	US	86/390,390 n/a
Interpace Diagnostics, LLC	THYMIRA	US	86/370,332 n/a
Interpace Diagnostics, LLC	THYRAMIR	US	86/370,328 n/a
Interpace Diagnostics, LLC	PancraGEN	US	86/370,325 n/a
Interpace Diagnostics, LLC	ThyGenX	US	86/365,003 n/a
Interpace Diagnostics, LLC	PANCRAMIR	US	86/357,914 n/a
Interpace Diagnostics LLC		US	86/290,079 n/a
Interpace Diagnostics LLC	POWER IN PERFORMANCE	US	86/325,980 n/a
PDI, Inc.	INTERPACE DIAGNOSTICS	US	86/130,866 n/a
PDI, Inc.		US	76/630,045 3,617,915

Owner	Mark	Country	App. Mo. Reg. No.
PDI, Inc.		US	76/630,047 3,344,703
PDI, Inc.	PDI	US	76/630,046 3,617,916
PDI, Inc.	PD ONE REP	US	86/227,209 n/a
PDI, Inc.	THE MEDICAL BUZZ	US	85/930,489 4465320
PDI, Inc.	THE MEDICAL BAG	US	85/929,050 n/a
PDI, Inc.	WHAT KILLED 'EM	US	85/930,510 4,465,321
PDI, Inc.	DESPICABLE DOCTORS	US	85/930,412 4465315
PDI, Inc.	COMIC SEIZURE	US	85/930,420 4465316
PDI, Inc.	HCP ECOSYSTEM	US	85/971374 n/a
PDI, Inc.	INTERPACE DIAGNOSTICS	US	86/130866

Mask Works

None

Redpath Assets
Redparth Patents

Pat.No/App. No.	Country	Status	Title	Filing Date	Issue Date	Assignee
2584989	CA	Abandoned	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.
2585025	CA	Abandoned	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.
2584723	CA	Abandoned	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.
5818189.2	EP	Abandoned	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.
5818314.6	EP	Abandoned	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.
5817148.9	EP	Abandoned	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE. SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.

60/620926	US	Expired	TOPOGRAPHIC GENOTYPING FOR DEFINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGICAL BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	10/22/2004		RedPath Integrated Pathology, Inc.
11/255978	US	Abandoned	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	10/24/2005		RedPath Integrated Pathology, Inc.
60/631240	US	Expired	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	11/29/2004		RedPath Integrated Pathology, Inc.
11/256150	US	Abandoned	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.
60/644568	US	Expired	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	01/19/2005		RedPath Integrated Pathology, Inc.
11/256152	US	Abandoned	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.
60/679968	US	Expired	MOLECULAR ANALYSIS OF CELLULAR FLUIDS SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	05/12/2005		RedPath Integrated Pathology, Inc.

11/255980	US	Abandoned	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.
60/679969	US	Expired	DYNAMIC GENOMIC DELETION EXPANSION: A PREDICTOR OF CANCER BIOLOGICAL AGGRESSIVENESS	05/12/2005		RedPath Integrated Pathology, Inc.
14/305,727	US	Pending	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	6/16/2014		RedPath Integrated Pathology, Inc.
US2005/038315	PCT	Expired	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.
US2005/038313	PCT	Expired	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.
US2005/038311	PCT	Expired	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.
US2005/038312	PCT	Expired	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	10/24/2005		RedPath Integrated Pathology, Inc.
2198774	CA	Abandoned	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.

95935153.7	EP	Abandoned	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.
8-511138	JP	Abandoned	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.
6,340,563 (08/667493)	US	Granted	TOPOGRAPHIC GENOTYPING	06/24/1996	01/22/2002	RedPath Integrated Pathology, Inc.
7,014,999 (10/008278)	US	Granted	TOPOGRAPHIC GENOTYPING	11/05/2001	03/21/2006	RedPath Integrated Pathology, Inc.
11/289624	US	Abandoned	TOPOGRAPHIC GENOTYPING	11/30/2005		RedPath Integrated Pathology, Inc.
08/311553	US	Abandoned	TOPOGRAPHIC GENOTYPING	09/23/1994		RedPath Integrated Pathology, Inc.
US95/12372	PCT	Expired	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.
61/240919	US	Abandoned	GENERATION OF A COMPREHENSIVE PATHOLOGY REPORT BASED ON MOLECULAR AND GENETIC ANALYSIS	09/09/2009		RedPath Integrated Pathology, Inc.
61/294355	US	Abandoned	METHODS OF COMPARATIVE MUTATIONAL PROFILING	01/12/2010		RedPath Integrated Pathology, Inc.
61/429908	US	Expired	METHODS OF COMPARATIVE MUTATIONAL PROFILING	01/05/2011		RedPath Integrated Pathology, Inc.
61/292561	US	Abandoned	METHODS OF IDENTIFYING BLOOD AND BLOOD-DERIVED DNA CONTENT IN CYST	01/06/2010		RedPath Integrated Pathology, Inc.
61/429900	US	Expired	METHODS OF IDENTIFYING BLOOD AND BLOOD-DERIVED DNA CONTENT IN CYST	01/05/2011		RedPath Integrated Pathology, Inc.
61/297136	US	Abandoned	METHOD OF GENERATING A PATHOLOGY REPORT FOR COMPARATIVE MUTATIONAL PROFILING	01/21/2010		RedPath Integrated Pathology, Inc.
61/425109	US	Expired	MOLECULAR DISCRIMINATION BETWEEN SPORADIC VERSUS TOXIN-ASSOCIATED CANCER FORMATION	12/20/2010		RedPath Integrated Pathology, Inc.

13/331966	US	Abandoned	METHODS OF DIFFERENTIATING BETWEEN NON-GENOTOXIN AND GENOTOXIN-ASSOCIATED TUMORS	12/20/2011		RedPath Integrated Pathology, Inc.
61/443014	US	Expired	METHODS OF DIFFERENTIATING BETWEEN NON-GENOTOXIN VERSUS GENOTOXIN-ASSOCIATED TUMORS	02/15/2011		RedPath Integrated Pathology, Inc.
61/549684	US	Expired	METHODS OF GENOTYPING DNA FROM RESIDUAL SUPERNATANT FLUID FORM BIOLOGICAL SPECIMENS	10/20/2011		RedPath Integrated Pathology, Inc.
61/565879	US	Expired	METHODS OF IDENTIFYING DYSPLASIA IN A SUBJECT	12/01/2011		RedPath Integrated Pathology, Inc.
13/692727	US	Pending	METHODS FOR TREATING BARRETT'S METAPLASIA AND ESOPHAGEAL ADENOCARCINOMA	12/03/2012		RedPath Integrated Pathology, Inc.
13/954247	US	Pending	METHODS FOR TREATING BARRETT'S METAPLASIA AND ESOPHAGEAL ADENOCARCINOMA	07/30/2013		RedPath Integrated Pathology, Inc.
US 14/46702	PCT	Pending	METHODS FOR TREATING BARRETT'S METAPLASIA AND ESOPHAGEAL ADENOCARCINOMA	07/15/2014		RedPath Integrated Pathology, Inc.
61/612061	US	Expired	METHODS OF GENOTYPING DNA FROM RESIDUAL RADIOCONTRAST AGENT	03/16/2012		RedPath Integrated Pathology, Inc.
61/640527	US	Expired	METHODS FOR DIAGNOSING LOW AND HIGH GRADE DYSPLASIA IN BARRETT'S ESOPHAGUS	04/30/2012		RedPath Integrated Pathology, Inc.
61/661256	US	Expired	METHODS FOR DIAGNOSING LOW AND HIGH GRADE DYSPLASIA IN BARRETT'S ESOPHAGUS	06/18/2012		RedPath Integrated Pathology, Inc.
61/731725	US	Expired	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	11/30/2012		RedPath Integrated Pathology, Inc.
14/092,036	US	Pending	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	11/27/2013		RedPath Integrated Pathology, Inc.
61/824623	US	Expired	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	05/17/2013		RedPath Integrated Pathology, Inc.
61/840963	US	Expired	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	06/28/2013		RedPath Integrated Pathology, Inc.

Red Path Copyrights:

None.

Red Path Trademarks:

Country	Mark	Reg./App. No.	Filing Date	Reg. Date	Goods	Registrant	Status
US	PATHFINDERTG	3208314 (78/848127)	3/28/06	2/13/07	IC042 - Medical laboratory services, namely, testing and analysis of tissue or fluids for diagnostic and forensic purposes	RedPath Integrated Pathology, Inc.	Registered

SCHEDULE 6

DEPOSIT ACCOUNTS AND OTHER ACCOUNTS

[Omitted]

SCHEDULE 7

COMMERCIAL TORT CLAIMS

None.

SCHEDULE 8

EXCLUDED PROPERTY

License agreements representing Intellectual Property licensed to any Grantor and such other Material Contracts as listed on Schedule 5.21 of the Credit Agreement which constitute assets of any Grantor and fall within the definition of Excluded Property by virtue of restrictions on transfer or assignment contained therein, provided, however, for the avoidance of doubt, that the reference above does not include the Proceeds (as defined in Section 9-102(a)(64) (A), (B), (D), and (E) of the Code) of such license agreements and other Material Contracts listed on Schedule 5.21 of the Credit Agreement.

SCHEDULE 9

HEALTH CARE INSURANCE RECEIVABLES

Prior to the Closing Date, RedPath Integrated Pathology, Inc. has Health Care Insurance Receivables. After the Closing Date, Interpace Diagnostics, LLC will have Health Care Insurance Receivables.

ANNEX I

FORM OF JOINDER TO GUARANTEE AND COLLATERAL AGREEMENT

This JOINDER AGREEMENT (this "Agreement") dated as of **[_____]** is executed by the undersigned for the benefit of SWK Funding LLC, as Agent (the "Agent") in connection with that certain Guarantee and Collateral Agreement dated as of October 31, 2014 among the Grantors party thereto and Agent (as amended, supplemented or modified from time to time, the "Guarantee and Collateral Agreement"). Capitalized terms not otherwise defined herein are being used herein as defined in the Guarantee and Collateral Agreement.

Each Person signatory hereto is required to execute this Agreement pursuant to Section 8.16 of the Guarantee and Collateral Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each signatory hereby agrees as follows:

1. Each such Person assumes all the obligations of a Grantor and a Guarantor under the Guarantee and Collateral Agreement and agrees that such Person is a Grantor and a Guarantor and bound as a Grantor and a Guarantor under the terms of the Guarantee and Collateral Agreement, as if it had been an original signatory to the Guarantee and Collateral Agreement. In furtherance of the foregoing, such Person hereby (i) grants to Agent a security interest in all of its right, title and interest in and to the Collateral owned thereby to secure the Secured Obligations and (ii) guarantees the prompt and complete payment and performance by Borrower when due (whether at the stated maturity, by acceleration or otherwise) of Borrower Obligations.

2 . Schedules 1. 2, *3,* 4, 5_, 6, 7, and *8,* of the Guarantee and Collateral Agreement are hereby amended and restated in the forms of Schedules 1. 2, *3_,* 4, 5_, 6, 7, and £, respectively, hereof. Each such Person and all existing Grantors hereby make to Agent the representations and warranties set forth in the Guarantee and Collateral Agreement applicable to such Person and the applicable Collateral and confirms that such representations and warranties are true and correct after giving effect to such amendment to such Schedules.

3. In furtherance of its obligations under Section 5.2 of the Guarantee and Collateral Agreement, each such Person authorizes Agent to file appropriately complete Code financing statements naming such person or entity as debtor and Agent as secured party, and describing the Collateral, and agrees to execute and deliver such other documentation as Agent (or its successors or assigns) may require to evidence, protect and perfect the Liens created by the Guarantee and Collateral Agreement, as modified hereby.

4. Each such Person's address and fax number for notices under the Guarantee and Collateral Agreement shall be that of the Borrower as set forth in the Guarantee and Collateral Agreement.

5. This Agreement shall be deemed to be part of, and a modification to, the Guarantee and Collateral Agreement and shall be governed by all the terms and provisions of the Guarantee and Collateral Agreement, with respect to the modifications intended to be made to such agreement, which terms are incorporated herein by reference, are ratified and confirmed and shall

continue in full force and effect as valid and binding agreements of each such person or entity enforceable against such person or entity. Each such person or entity hereby waives notice of Agent's acceptance of this Agreement. Each such person or entity will deliver an executed original of this Agreement to Agent.

[add signature block for each new Grantor and an acknowledgement by each existing Grantor]

[ANNEX I TO GUARANTEE AND COLLATERAL AGREEMENT]

GUARANTEE AND COLLATERAL AGREEMENT

dated as of October 31, 2014

among

PDI, INC.,

GROUP DCA, LLC,

EMTERPACE BIOPHARMA, LLC,

INTERPACE DIAGNOSTICS, LLC,

JS GENETICS, INC., REDPATH ACQUISITION SUB, INC.

as Grantors,

and

REDPATH EQUITYHOLDER REPRESENTATIVE, LLC,

as Lender

GUARANTEE AND COLLATERAL AGREEMENT

GUARANTEE AND COLLATERAL AGREEMENT, dated as of October 31, 2014 (as may be amended, restated, supplemented, or otherwise modified from time to time, this "Agreement"), made by each signatoiy hereto (together with any other Person that becomes a party hereto as provided herein, "Grantors"), in favor of RedPath Equityholder Representative, LLC, a Delaware limited liability company (together with its successors and assigns, "Lender").

Lender has agreed to extend credit to PDI, Inc. and Interpace Diagnostics, LLC (collectively, the " Borrowers") pursuant to the Loan Documents (as hereinafter defined). The Borrowers are affiliated with each other Grantor. The Borrowers and the other Grantors are engaged in interrelated businesses, and each Grantor will derive substantial direct and indirect benefit from the extension of credit under the Loan Documents. It is a condition precedent to Lender's obligation to extend credit under the Loan Documents that Borrowers and Grantors shall have executed and delivered this Agreement to Agent for the benefit of the Lender.

In consideration of the premises and to induce Lender to enter into the Loan Documents and to induce Lender to extend credit thereunder, each Grantor hereby agrees with Lender, as follows:

1. Definitions.

1.1. Unless otherwise defined herein, the following terms are used herein as defined in the Code: Accounts, Certificated Security, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Electronic Chattel Paper, Equipment, Farm Products, Goods, Health-Care-Insurance Receivables, Instruments, Inventory, Money, Letter-of-Credit Rights, Software and Supporting Obligations.

1.2. When used herein the following terms shall have the following meanings:

Affiliate of any Person means (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person, (b) any employee, manager, officer or director of such Person and (c) with respect to Lender, any entity administered or managed by such Lender or an Affiliate or investment advisor thereof which is engaged in making, purchasing, holding or otherwise investing in commercial loans. For purposes of the definition of the term "Affiliate", a Person shall be deemed to be "controlled by" any other Person if such Person possesses, directly or indirectly, power to vote ten percent (10%) or more of the securities (on a fully diluted basis) having ordinaiy voting power for the election of directors or managers or power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Unless expressly stated otherwise herein, Lender shall not be deemed an Affiliate of Borrowers or of any Subsidiaiy.

Agreement has the meaning set forth in the preamble hereto.

Borrower Obligations means all Obligations of Borrowers.

Closing Date shall mean the date of this Agreement.

Code means the Uniform Commercial Code as in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Code as in effect in a jurisdiction other than the State of New York, "Code" means the Uniform Commercial Code, as applicable if the context requires, as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

Collateral has the meaning set forth in Section 3 hereof. Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

Collateral Access Agreement means an agreement in form and substance reasonably satisfactoiy to Lender pursuant to which a mortgage or lessor of real property on which Collateral (or any books and records) is stored or otherwise located, to a warehouseman, processor or other bailee of Inventory or other property owned by any Loan Party, acknowledges the Liens of Lender and waives (or, if approved by Lender, subordinates) any Liens held by such Person on such property and, in the case of any such agreement with a mortgagee or lessor, permits Lender reasonable access to any Collateral stored or otherwise located thereon.

Collateral Documents means this Agreement, the IP Security Agreement, each deposit account control agreement and each other agreement or instrument pursuant to or in connection with any Loan Party or any other Person grants a Lien in any Collateral to Lender.

Copyrights shall mean all of Borrowers' (or if referring to another Person, such other Person's) now existing or hereafter acquired right, title, and interest in and to: (i) copyrights, rights and interests in copyrights, works protectable by copyright, all applications, registrations and recordings relating to the foregoing as may at any time be filed hi the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any political subdivision thereof, or in any other country, and all research and development relating to the foregoing; and (ii) all renewals of any of the foregoing.

Copyright Licenses means all written agreements naming any Grantor as licensor or licensee, including those listed on Schedule 5, granting any right under any Copyright, including the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright (other than agreements relating to widely-available software subject to "shrink-wrap" or "click-through" software licenses).

Default means any event that, if it continues uncured, will, with the lapse of time or the giving of notice or both constitute an Event of Default.

Deposit Account shall mean, individually and collectively, any bank or other depository accounts of a Loan Party.

Diagnostic Company means a privately held molecular diagnostics company that is subject to a confidential disclosure agreement with Borrowers.

Diagnostic Company Note means that certain Promissory Note, dated as of March 18, 2014, by the Diagnostic Company, in favor of PDI, Inc., a Delaware corporation, in the principal amount of up to $810,000, which principal amount was subsequently reduced to a principal amount of $500,000 pursuant to the terms of the JS Genetics Stock Purchase Agreement.

Dollar and $ mean lawful money of the United States of America.

Excluded Property means, with respect to a Grantor: (i) any item of General Intangibles or other property that is now or hereafter held by such Grantor but only to the extent that such item of General Intangibles or property, including, for the avoidance of doubt, Intellectual Property (or any agreement evidencing such item of General Intangibles or property) contains a term or is subject to a rule of law, statute or regulation that restricts, prohibits, or requires a consent (that has not been obtained) of a Person (other than such Grantor) to, the creation, attachment or perfection of the security interest granted herein, and any such restriction, prohibition and/or requirement of consent is effective and enforceable under applicable law and is not rendered ineffective by applicable law (including, without limitation, pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Code); provided, however, that (x) Excluded Property shall not include any Proceeds of any item of General Intangibles or other property described in this definition, and (y) any item of General Intangibles or such other property described in this definition that at any time ceases to satisfy the criteria for Excluded Property (whether as a result of the applicable Grantor obtaining any necessary consent, any change in any rule of law, statute or regulation, or otherwise) shall no longer be Excluded Property; (ii) trademark applications filed in the United States Patent and Trademark Office on the basis of such Grantor's "intent to use" such trademark, unless and until acceptable evidence of use of the Trademark has been filed with the United States Patent and Trademark Office pursuant to Section l(c) or Section l(d) of the Lanham Act (15 U.S.C. 1051, et seq.), to the extent that granting a Lien in such Trademark application prior to such filing would adversely affect the enforceability or validity of such Trademark application; and (iii) the Borrowers' account no. 65-P204-01-2 at TD Wealth Private Client Group, a division of TD Bank, N.A. and all property now or hereafter held in such securities account and any proceeds thereof and (iv) any asset subject to a Permitted Lien (other than Liens in favor of Lender and the Senior Agent in connection with the Senior Credit Agreement) securing obligations permitted under Senior Credit Agreement to the extent that the grant of other Liens on such asset (A) would result in a breach or violation of, or constitute a default under, the agreement or instrument governing such Permitted Lien, (B) would result in the loss of use of such asset or (C) would permit the holder of such Permitted Lien to terminate the Grantor's use of such asset.

Electronic Chattel Paper under Section 9-105 of the Code of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, §16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction Environmental Laws means all present or future foreign, federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case relating to any matter arising out of or relating to the effect of the environment on health and safety, or pollution or protection of the environment or workplace, including any of the foregoing relating to the presence, use, production,

generation, handling, transport, treatment, storage, disposal, distribution, discharge, release, control or cleanup of any Hazardous Substance.

Event of Default means any of the events described in Section 9 of the Note.

Exempt Accounts means any Deposit Accounts, securities accounts or other similar accounts (i) into which there are deposited no funds other than those intended solely to cover compensation to employees of the Loan Parties (and related contributions to be made on behalf of such employees to health and benefit plans) plus balances for outstanding checks for compensation and such contributions from prior periods; or (ii) constituting employee withholding accounts and contain only funds deducted from pay otherwise due to employees for services rendered to be applied toward the tax obligations of such Person or its employees.

Farm Products means

Governmental Authority means any nation or government, any state or other political subdivision thereof, and any agency, branch of government, department or Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other Person owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, whether domestic or foreign. Governmental Authority shall include any agency, branch or other governmental body charged with the responsibility and/or vested with the authority to administer and/or enforce any Health Care Laws.

Fixtures mean all of the following, whether now owned or hereafter acquired by a Grantor: plant fixtures; business fixtures; other fixtures and storage facilities, wherever located; and all additions and accessories thereto and replacements therefor.

General Intangibles means all "general intangibles" as such term is defined in Section 9-102(a)(42) of the Code and, in any event, including with respect to any Grantor, all contracts, agreements, instruments and indentures in any form, and portions thereof, to which such Grantor is a party or under which such Grantor has any right, title or interest or to which such Grantor or any property of such Grantor is subject, as the same from time to time may be amended, supplemented or otherwise modified, including, without limitation, (a) all rights of such Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of such Grantor to damages arising thereunder and (c) all rights of such Grantor to perform and to exercise all remedies thereunder.

Guarantor Obligations means, collectively, with respect to each Guarantor, all payment and performance obligations of such Guarantor hereunder or under any other Loan Document to which such Guarantor is party.

Guarantors mean the collective reference to each Grantor other than the Borrowers.

Guaranty means this Agreement.

Health Care Laws mean, to the extent applicable to a Loan Party, all foreign, federal and

state fraud and abuse laws relating to the regulation of pharmaceutical products, laboratory facilities and services, healthcare providers, healthcare professionals, healthcare facilities, clinical research facilities or healthcare payors, including but not limited to (i) the federal Anti-Kickback Statute (42 U.S.C. (§ 1320a-7b(b)), the Stark Law (42 U.S.C. §1395nn and §1395(q)), the civil False Claims Act (31 U.S.C. §3729 et seq.), TRICARE (10 U.S.C. Section 1071 et seq.), Section 1320a-7 and 1320a-7a of Title 42 of the United States Code and the regulations promulgated pursuant to such statues; (ii) the Health Insurance Portability and Accountability Act of 1996 (Pub. L. No. 104-191), as amended by the Health Information, Technology for Economic and Clinical Health Act of 2009 (collectively, "HTPPA"), and the regulations promulgated thereunder, (iii) Medicare (Title XVIII of the Social Security Act) and the regulations promulgated thereunder; (iv) Medicaid (Title XIX of the Social Security Act) and the regulations promulgated thereunder; (v) the FD&C Act and all applicable requirements, regulations and guidances issued thereunder by the FDA (including FDA Law and Regulation); (vi) the Controlled Substances Act, as amended, and all applicable requirements, regulations and guidances issued thereunder by the DEA; (vii) CLIA, as amended, and all applicable requirements, regulations, and guidance issued thereunder by the applicable Governmental Authority; (viii) quality, safety and accreditation standards and requirements of all applicable foreign and domestic federal, provincial or state laws or regulatory bodies; (ix) all applicable licensure laws and regulations; (x) all applicable professional standards regulating healthcare providers, healthcare professionals, healthcare facilities, clinical research facilities or healthcare payors; and (xi) any and all other applicable health care laws (whether foreign or domestic), regulations, manual provisions, policies and administrative guidance, including those related to the corporate practice of medicine, fee-splitting, state anti-kickback or self-referral prohibitions, each of clauses (i) through (xi) as may be amended from time to time.

Identified Claims means the Commercial Tort Claims described on Schedule 7 as such schedule may be supplemented from time to time.

Intellectual Property shall mean all present and future: trade secrets, know-how and other proprietary information; Trademarks and Trademark Licenses, internet domain names, service marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and the goodwill of the business relating thereto and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; Copyrights (including Copyrights for computer programs, but excluding commercially available off-the-shelf software and any Intellectual Property rights relating thereto) and Copyright Licenses, and all tangible and intangible property embodying the Copyrights, unpatented inventions (whether or not patentable); Patents and Patent Licenses; industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom, books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; customer lists and customer information, the right to sue for all past, present and future infringements of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing.

Intercompany Note means any promissory note evidencing loans made by any Grantor to any other Grantor or its Affiliate.

Investment Property means the collective reference to (a) all "investment property" as such term is defined in Section 9-102(a)(49) of the Code (other than the equity interest of any Subsidiaiy excluded from the definition of Pledged Equity), (b) all "financial assets" as such term is defined in Section 8-102(a)(9) of the Code, and (c) whether or not constituting "investment property" as so defined, all Pledged Notes and all Pledged Equity.

IP Security Agreements means the Intellectual Property Security Agreements dated on or about the Closing Date by each Loan Party signatory thereto in favor of Lender.

Intercreditor Agreement means the Subordination and Intercreditor Agreement among Lender, Borrowers and SWK Funding, LLC as agent for the lenders under the Senior Credit Agreement together with any amendments or modifications thereto.

Issuers mean the collective reference to each issuer of any Investment Property.

JS Genetics Stock Purchase Agreement means that certain Stock Purchase Agreement, dated as of August 20, 2014, by and between the Diagnostic Company and PDI, Inc.

Legal Costs means, with respect to any Person, all reasonable, duly documented, out-of-pocket fees and charges of any counsel, accountants, auditors, appraisers, consultants and other professionals to such Person, and all court costs and similar legal expenses.

Loan Party means Borrowers and each of its Subsidiaries.

Lien means, with respect to any Person, any interest granted by such Person in any real or personal property, asset or other right owned or being purchased or acquired by such Person which secures payment or performance of any obligation and shall include any mortgage, lien, encumbrance, charge or other security interest of any kind, whether arising by contract, as a matter of law, by judicial process or otherwise.

Loan or Loans means the loan and other financial accommodations made by Lender to the Borrowers as evidenced by the Note.

Loan Documents means this Agreement, the Note, the Collateral Documents, the Intercreditor Agreement and all documents, instruments and agreements delivered in connection with the foregoing.

Material Adverse Effect means (a) a material adverse change in, or a material and adverse effect upon, the financial condition, operations, assets, business or properties of the Loan Parties taken as a whole, (b) a material impairment of the ability of any Loan Party to perform any of its payment Obligations under any Loan Document or (c) a material and adverse effect upon any material portion of the Collateral under the Collateral Documents or upon the legality, validity, binding effect or enforceability against any Loan Party of any material Loan Document. For the avoidance of doubt, the investigation, inspection, examination, audit or view of the operations of

any Loan Party in the ordinary course of business by any Governmental Authority shall not in itself be deemed to be a Material Adverse Effect or be deemed to be an event that could or would reasonably be expected to result in or have a Material Adverse Effect.

Note means that certain Non-Negotiable Secured Subordinated Promissory Note issued by Borrowers in favor of Lender in the original principal amount of $11,000,000 dated October 31, 2014 together with all renewals, extensions, amendments, modifications or restatements thereof.

Obligations means all liabilities, indebtedness and obligations (monetary, including post-petition interest, allowed or not) or otherwise), of Borrowers, Guarantors or any Loan Party under the Note, this Agreement, the IP Security Agreements or any other Loan Documents or any other document or instrument executed in connection herewith or therewith, which are owed to any Lender or Affiliate of a Lender, in each case howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due.

Paid in Full, Pay in Full or Payment in Full means, with respect to any Obligations, the payment in full in cash of all such Obligations (other than contingent indemnification obligations, yield protection and expense reimbursement to the extent no claim giving rise thereto has been asserted in respect of contingent indemnification obligations, and to the extent no amounts therefor have been asserted, in the case of yield protection and expense reimbursement obligations).

Patents shall mean all of Borrowers' or Grantors' (or if referring to another Person, such other Person's) now existing or hereafter acquired right, title and interest in and to: (i) all patents, patent applications, inventions, invention disclosures and improvements, and all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any political subdivision thereof, or in any other country, and all research and development relating to the foregoing; and (ii) the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing.

Patent Licenses means all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including any of the foregoing referred to in Schedule 5.

Permitted Liens has the meaning ascribed such term in the Senior Credit Agreement as in effect as of Closing Date.

Person means any natural person, corporation, partnership, trust, limited liability company, association, Governmental Authority or unit, or any other entity, whether acting in an individual, fiduciary or other capacity.

Pledged Equity means the equity interests listed on Schedule 1, as amended from time to time, together with any other equity interests, certificates, options or rights of any nature whatsoever in respect of the equity interests of any Person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect.

Pledged Notes means all promissory notes listed on Schedule 1, all Intercompany Notes at any time issued to any Grantor and all other promissory notes issued to or held by any Grantor (other than the Diagnostic Company Note and promissory notes issued in connection with extensions of trade credit by any Grantor in the ordinary course of business).

Proceeds means all "proceeds" as such term is defined in Section 9-102(a)(64) of the Code and, in any event, shall include all dividends or other income from the Investment Property, collections thereon or distributions or payments with respect thereto.

Receivable means any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including any Accounts).

Secured Obligations means, collectively, all Borrower Obligations and Guarantor Obligations.

Securities Act means the Securities Act of 1933, as amended.

Senior Agent means SWK Funding, LLC as Agent for the lenders under the Senior Credit Agreement.

Senior Credit Agreement means that certain Credit Agreement among Borrowers, Senior Agent, and the lenders party thereto dated as of the Closing Date together with all amendments, renewals, extensions and modifications thereto to the extent permitted under the Intercreditor Agreement.

Subsidiary means, with respect to any Person, a corporation, partnership, limited liability company or other entity of which such Person owns, directly or indirectly, such number of outstanding shares or other equity interests as to have more than fifty percent (50%) of the ordinary voting power for the election of directors or other managers of such corporation, partnership, limited liability company or other entity. Unless the context otherwise requires, each reference to Subsidiaries herein shall be a reference to direct and indirect Subsidiaries of Borrowers.

Trademarks shall mean all of Grantors' (or if referring to another Person, such other Person's) now existing or hereafter acquired right, title, and interest in and to: (i) all of Borrowers' (or if referring to another Person, such other Person's) trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, or in any other country, and all research and development relating to the foregoing; (ii) all renewals thereof; and (iii) all designs and general intangibles of a like nature.

Trademark Licenses means, collectively, each agreement, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark, including any of the foregoing referred to in Schedule 5.

2. Guarantee.

2.1. Guarantee.

(a) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to Lender and its respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by Borrowers when due (whether at the stated maturity, by acceleration or otherwise) of the Borrower Obligations.

(b) The guarantee contained in this Section 2 shall remain in full force and effect until all of the Secured Obligations shall have been Paid in Full.

(c) No payment made by Borrowers, any of the Guarantors, any other guarantor or any other Person or received or collected by Lender from Borrowers, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Secured Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Secured Obligations or any payment received or collected from such Guarantor in respect of the Secured Obligations), remain liable for the Secured Obligations up to the maximum liability of such Guarantor hereunder until the Secured Obligations are Paid in Full.

2.2. Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Guarantor to Lender, and each Guarantor shall remain liable to Lender for the full amount guaranteed by such Guarantor hereunder.

2.3. No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by Lender, no Guarantor shall be entitled to be subrogated to any of the rights of Lender against Borrowers or any other Guarantor or any collateral security or guarantee or right of offset held by Lender for the payment of the Secured Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from Borrowers or any other Guarantor in respect of payments made by such Guarantor hereunder, until all of the Secured Obligations are Paid in Full. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Secured Obligations shall not have been Paid in Full, such amount shall be held by such Guarantor in trust for Lender, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be promptly turned over to Lender in the exact form received by such Guarantor (duly indorsed (but without any representation or warranty) by such Guarantor to Lender, if required), to be applied against the Secured Obligations, whether matured or unmatured.

2.4. Amendments, etc. with Respect to the Secured Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Secured Obligations made by Lender may be rescinded by Lender and any of the Secured Obligations continued, and the Secured Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by Lender, and the Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as Lender may deem advisable from time to time (provided that any such amendment, modification, supplement or termination complies with the relevant provisions of the Loan Documents, this Agreement and/or such Loan Document), and any collateral security, guarantee or right of offset at any time held by Lender for the payment of the Secured Obligations may be sold, exchanged, waived, surrendered or released to the extent permitted by this Agreement and the Loan Documents. Lender shall have no obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Secured Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

2.5. Guarantee Absolute and Unconditional; Waivers.

(a) Each Guarantor agrees that this Guaranty is a guaranty of payment and performance when due and not of collectability. The liability of Guarantor under this Guaranty shall be absolute, irrevocable and unconditional irrespective of:

(i) any lack of validity, regularity or enforceability of any Loan Document; (ii) any lack of validity, regularity or enforceability of this Agreement;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to departure from any Loan Document;

(iii) any exchange, release or non-perfection of any security interest in any Collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Secured Obligations;

(iv) any failure on the part of Lender or any other Person to exercise, or any delay in exercising, any right under any Loan Document; and

(v) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Borrowers, any Guarantor or any other guarantor with respect to the Secured Obligations (including, without limitation, all defenses based on suretyship or impairment of collateral, and all defenses that Borrowers may assert to the

repayment of the Secured Obligations, including, without limitation, failure of consideration, breach of warranty, payment, statute of frauds, bankruptcy, lack of legal capacity, lender liability, accord and satisfaction, and usury), this Agreement and the obligations of Guarantor under this Agreement, other than payment in full of the Guarantor Obligations.

(b) Each Guarantor hereby agrees that if Borrowers or any other guarantor of all or a portion of the Secured Obligations is the subject of a bankruptcy or insolvency case under applicable law, it will not assert the pendency of such case or any order entered therein as a defense to the timely payment of the Secured Obligations. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Secured Obligations and notice of or proof of reliance by Lender upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Secured Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2, and all dealings between Borrowers and any of the Guarantors, on the one hand, and Lender, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Guarantor waives (i) diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon Borrowers or any of the Guarantors with respect to the Secured Obligations; (ii) notice of the existence or creation or renewal or non-payment of all or any of the Secured Obligations; (iii) all diligence in collection or protection of or realization upon any Secured Obligations or any security for or guaranty of any Secured Obligations; (iv) any right to require Lender, as a condition of payment or performance by Guarantor, to (A) proceed against Borrowers, any other guarantor of the Guarantor Obligations or any other Person, (B) proceed against or exhaust any security held from Borrowers, any such other guarantor or any other Person, (C) proceed against or have resort to any balance of any deposit account or credit on the books of Lender in favor of Borrowers or any other Person or (D) pursue any other remedy in the power of Lender whatsoever; (v) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of Borrowers or any other Guarantor including any defense based on or arising out of the lack of validity or the unenforceability of the Guarantor Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of Borrowers or any other Guarantor from any cause other than payment in full of the Guarantor Obligations; (vi) any defense based upon Lender's errors or omissions in the administration of the Guarantor Obligations, except errors and omissions resulting from Lender's negligence, bad faith, or willful misconduct and (vii)(A) any legal or equitable discharge of Guarantor's obligations hereunder and (B) any rights to set-offs, recoupments and counterclaims.

(c) When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against Borrowers, any other Guarantor or any other Person or against any collateral security or guarantee for the Secured Obligations or any right of offset with respect thereto, and any failure by Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from Borrowers, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee

or to exercise any such right of offset, or any release of Borrowers, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of Lender against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings. Each Guarantor agrees that it is not a surety for purposes of any state statutes providing defenses for sureties, and each Guarantor waives any right that it may have under such statutes to assert the applicability thereof to the provisions of this Agreement to require that Lender commence action against Borrowers or any other Person or against any of the Collateral.

(d) Lender may, from time to time, at its sole discretion and without notice to any Guarantor (or any of them), take any or all of the following actions: (i) retain or obtain a security interest in any property to secure any of the Secured Obligations or any obligation hereunder, (ii) retain or obtain the primary or secondary obligation of any obligor or obligors with respect to any of the Secured Obligations, (iii) extend or renew any of the Secured Obligations for one or more periods (whether or not longer than the original period), alter or exchange any of the Secured Obligations, or release or compromise any obligation of any Guarantor or any obligation of any nature of any other obligor with respect to any of the Secured Obligations, (iv) release any guaranty or right of offset or its security interest in, or surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Secured Obligations or any obligation hereunder, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property, and (v) resort to any Guarantor for payment of any of the Secured Obligations when due, whether or not Lender shall have resorted to any property securing any of the Secured Obligations or any obligation hereunder or shall have proceeded against any other Guarantor or any other obligor primarily or secondarily obligated with respect to any of the Secured Obligations.

2.6. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to Lender without set-off or counterclaim in Dollars at the office of Lender.

3. Grant of Security Interest.

(a) Each Grantor hereby assigns and transfers to Lender, and hereby grants to Lender and (to the extent provided herein) its Affiliates, a security interest in all of the following:

(i) all of each Grantor's right, title and interest in and to all of such Grantor's assets, including any and all personal property, Accounts, Chattel Paper (including Electronic Chattel Paper), Deposit Accounts, Documents, Equipment, Farm Products, Fixtures, General Intangibles, Goods, Health-Care-Insurance Receivables, Instruments, Intellectual Property, Inventory, Investment Property, Letter-of-Credit Rights, Software, Money, Supporting Obligations and Identified Claims, in each case whether now owned or at any time hereafter acquired or arising,

(ii) all books and records pertaining to any of the foregoing, (iii) all Proceeds and products of any of the foregoing, and

(iii) all collateral security and guarantees given by any Person with respect to any of the foregoing,

(all of the foregoing, collectively, the " Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations; provided, that the Collateral shall not include the Excluded Property.

(b) Each Grantor shall promptly notify Lender of any Commercial Tort Claims related to the Loans in which such Grantor has an interest arising after the Closing Date and shall provide all necessary information concerning each such Commercial Tort Claim and make all necessary filings with respect thereto to perfect Lender's first-priority security interest (subject to Permitted Liens) therein.

(c) Each Grantor has full right and power to grant to Lender, for the benefit of Lender, a perfected, first-priority security interest (subject to Permitted Liens) and Lien on the Collateral pursuant to this Agreement, subject to no transfer or other restrictions or Liens of any kind in favor of any other Person (subject to any Permitted Liens). Except with respect to any financing statement (i) securing debt to be paid off as of the Closing Date, (ii) securing Permitted Liens, or (iii) filed on behalf of Lender, no financing statement relating to any of the Collateral is on file in any public office. No Grantor is party to any agreement, document or instruction that conflicts with this Section 3.

(d) Each Grantor hereby authorizes Lender to prepare and file financing statements provided for by the Code and to take such other action as may be required, in Lender's sole discretion, to perfect and to continue the perfection of Lender's security interest in the Collateral.

(e) Irrespective of any provision in this Agreement, the prior consent of Lender shall not be required in connection with the licensing or sublicensing of Intellectual property pursuant to collaborations, licenses or other strategic transactions with third parties ("Permitted Licenses") executed in the normal course of Borrowers' business.

4. Representations and Warranties.

To induce Lender to enter into the Loan Documents and to induce Lender to extend credit to Borrowers thereunder, each Grantor jointly and severally hereby represents and warrants to Lender that:

4.1. Title; Other Liens. Except for Permitted Liens and Liens granted in favor of the Senior Agent in connection with the Senior Credit Agreement, the Grantors own each item of the Collateral that they purport to own free and clear of any and all Liens or claims of others. As of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), no financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except filings evidencing Permitted Liens and filings for which

termination statements have been delivered to Lender or filings evidencing the Liens granted in favor of the Senior Agent in connection with the Senior Credit Agreement.

4.2. Perfected Second Priority Liens. Each Grantor has full right and power to grant to Lender the security interests contemplated herein, and the security interests granted pursuant to this Agreement are prior to all other Liens on the Collateral in existence on the date hereof except for Permitted Liens and Liens granted in favor of the Senior Agent in connection with the Senior Credit Agreement.

4.3. Grantor Information. Schedule 3 sets forth, as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), (a) each Grantor's jurisdiction of organization, (b) the location of each Grantor's chief executive office, (c) each Grantor's exact legal name as it appears on its organizational documents, (d) each Grantor's federal business or tax identification number, and (e) each Grantor's organizational identification number.

4.4. Collateral Locations. Schedule 4 sets forth, as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), (a) each place of business of each Grantor (including its chief executive office), (b) all locations where all Inventory and the Equipment owned by each Grantor is kept, which may be located at other locations within the United States, and (c) whether each such Collateral location and place of business (including each Grantor's chief executive office) is owned or leased (and if leased, specifies the complete name and notice address of each lessor as set forth in the relevant lease). No Collateral is located outside the United States or in the possession of any lessor, bailee, warehouseman or consignee, except as indicated on Schedule 4.

4.5. Certain Property. Except as set forth on Schedule 9, none of the Collateral constitutes, or is the Proceeds of, (a) Farm Products, (b) Health-Care-Insurance Receivables or (c) vessels, aircraft or any other property subject to any certificate of title or other registration statute of the United States, any state or other jurisdiction, except for personal vehicles owned by the Grantors and used by employees of the Grantors in the ordinary course of business.

4.6. Investment Property.

(a) The shares of Pledged Equity pledged by each Grantor hereunder constitute all the issued and outstanding equity interests of each Issuer owned by such Grantor.

(b) All of the Pledged Equity issued by a Subsidiaiy of the Grantor has been duly and validly issued and is fully paid and nonassessable.

(c) Each of the Intercompany Notes (if any) constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms (subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing).

(d) Schedule 1 lists all Investment Property owned by each Grantor as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor) (other than the Diagnostic Company Note). Each Grantor is the record and beneficial owner of the Investment Property pledged by it hereunder that it purports to own, free of any and all Liens or options in favor of, or claims of, any other Person, except the security interest created by this Agreement and Liens in favor of the Senior Agent under the Senior Credit Agreement and, in the case of Investment Property which does not constitute Pledged Equity issued by a Subsidiary of the Grantor or Intercompany Notes, for Permitted Liens.

4.7. Receivables.

(a) Subject to the Intercreditor Agreement, no amount payable to such Grantor under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper which has not been delivered to Lender.

(b) The amounts represented by such Grantor to Lender from time to time as owing to such Grantor in respect of the Receivables (to the extent such representations are required by any of the Loan Documents) will at all such times be accurate in all material respects, subject to the inability to collect Receivables in the ordinary course of business.

4.8. Intellectual Property.

(a) Schedule 5 lists all Intellectual Property owned by each Grantor in its own name (or a former name) on the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor).

(b) On the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), all Intellectual Property owned by any Grantor is valid, subsisting, unexpired and enforceable, has not been abandoned and, to such Grantor's knowledge, does not infringe on the intellectual property rights of any other Person.

(c) Except as set forth in Schedule 5, as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), none of the Intellectual Property owned by a Grantor is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor.

(d) Except as set forth in Schedule 5, no holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of, or any Grantor's rights in, any Intellectual Property owned by any Grantor.

(e) Except as set forth in Schedule 5, no action or proceeding is pending, or, to the knowledge of such Grantor, threatened, as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor) (i) seeking to limit, cancel or question the validity of any Intellectual Property or any Grantor's ownership interest therein, or (ii) which, if adversely determined, would materially and adversely affect the value of any Intellectual Property.

(f) Each Grantor owns and possesses or has a license or other right to use all Intellectual Property as is necessary for the conduct of the businesses of such Grantor, without any infringement, to such Grantor's knowledge, upon rights of others.

4.9. Deposit Accounts and Other Accounts . All Deposit Accounts and all other bank accounts, securities accounts and other accounts maintained by each Grantor as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), are described on Schedule 6 hereto, which description includes for each such account the name of the Grantor maintaining such account, the name, address, telephone and fax numbers of the financial institution at which such account is maintained, the account number and the account officer, if any, of such account.

4.10. Excluded Property. Except as set forth in Schedule 8. each Grantor represents, warrants and covenants that it does not, as of the Closing Date (or the date such Grantor joins this Agreement as it relates to such Grantor), own any Excluded Property, which when aggregated, are material to the business of such Grantor.

5. Covenants.

Each Grantor covenants and agrees with Lender that, from and after the date of this Agreement until the Secured Obligations shall have been Paid in Full:

5.1. Delivery of Instruments, Certificated Securities and Chattel Paper . If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument (other than the Diagnostic Company Note) (other than, for greater certainty, a license agreement), Certificated Security or Chattel Paper, such histrument, Certificated Security or Chattel Paper shall, subject to the Intercreditor Agreement, be promptly delivered to Lender, duly indorsed in a manner reasonably satisfactoiy to Lender, to be held as Collateral pursuant to this Agreement and in the case of Electronic Chattel Paper, the applicable Grantor shall cause Lender to have control thereof within the meaning set forth in Section 9-105 of the Code. In the event that an Event of Default shall have occurred and be continuing, upon the request of Lender, any Instrument, Certificated Security or Chattel Paper not theretofore delivered to Lender and at such time being held by any Grantor shall, subject to the Intercreditor Agreement, be immediately delivered to Lender, duly indorsed in a manner satisfactory to Lender, to be held as Collateral pursuant to this Agreement and in the case of Electronic Chattel Paper, the applicable Grantor shall cause Lender to have control thereof within the meaning set forth in Section 9-105 of the Code.

5.2. Maintenance of Perfected Security Interest; Further Documentation .

(a) Except as expressly permitted by this Agreement, such Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 4.2 and shall defend such security interest against the claims and demands of all Persons whomsoever, provided that, unless otherwise required by Lender in writing at any time following the occurrence and continuance of an Event of Default, such security interest need not be perfected in property of the Grantor in which a security interest may not be perfected by filing a financing statement under the Code, having a value less than $100,000 individually or

$350,000 in the aggregate.

(b) Such Grantor will furnish to Lender from time to time statements and schedules further identifying and describing the assets and property of such Grantor and such other reports in connection therewith as Lender may reasonably request, all in reasonable detail.

(c) At any time and from time to time, upon the reasonable written request of Lender, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as Lender may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including (i) filing any financing or continuation statements under the Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby, (ii) in the case of Investment Property, Deposit Accounts, Electronic Chattel Paper and Letter of Credit Rights and any other relevant Collateral, taking any actions necessary to enable Lender to obtain "control" (within the meaning of Code) with respect thereto, in each case pursuant to documents in form and substance reasonably satisfactoiy to Lender, provided that so long as no Event of Default has occurred and is continuing, no Grantor shall be required to cause the Lender to have control over such Investment Property, Electronic Chattel Paper, Letter of Credit Rights or other relevant Collateral (other than any Deposit Account) having a value less than $100,000 individually or $350,000 in the aggregate and (iii) during the continuance of an Event of Default, if requested by Lender, subject to the Intercreditor Agreement, delivering, to the extent permitted by law, any original motor vehicle certificates of title received by such Grantor from the applicable secretary of state or other Governmental Authority after information reflecting Lender's security interest has been recorded therein.

(d) Such Grantor authorizes Lender to, at any time and from time to time, file financing statements, continuation statements, and amendments thereto that describe the Collateral (including describing the Collateral as "all assets" of each Grantor, or words of similar effect), and which contain any other information required pursuant to the Code for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment, and each Grantor agrees to furnish any such information to Lender promptly upon request. Any such financing statement, continuation statement, or amendment may be signed (to the extent signature of a Grantor is required under applicable law) by Lender on behalf of any Grantor and may be filed at any time in any jurisdiction.

(e) Such Grantor shall, subject to the Intercreditor Agreement, at any time and from time to time, take such steps as Lender may reasonably request for Lender (i) to obtain an acknowledgement, in form and substance reasonably satisfactoiy to Lender, of any bailee having possession of any of the Collateral (provided that such Grantor shall not be required to obtain any such acknowledgement as it relates to Collateral having a value less than $100,000 individually or $350,000 in the aggregate (unless otherwise required by Lender in writing at any time following the occurrence and continuance of an Event of Default), stating that the bailee holds such Collateral for Lender, (ii) to obtain "control" of any Letter- of-Credit Rights, or Electronic Chattel Paper (within the meaning of the code) with any agreements establishing control to be in form and substance reasonably satisfactory to Lender (provided that such Grantor shall not be required to ensure Lender

has "control" over any such Collateral described in this clause (ii) having a value less than $100,000 individually or $350,000 in the aggregate unless otherwise required by Lender in writing at any time following the occurrence and continuance of an Event of Default) and (iii) otherwise to insure the continued perfection and priority of Lender's security interest in any of the Collateral and of the preservation of its rights therein to the extent required in this Agreement and the Loan Documents.

(f) Without limiting the generality of the foregoing, if such Grantor at any time holds or acquires an interest in any Electronic Chattel Paper or any "transferable record", as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in §16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, such Grantor shall, subject to the Intercreditor Agreement, promptly notify Lender thereof and, at the request of Lender, shall take such action as Lender may reasonably request to vest in Lender "control" under Section 9-105 of the Code of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, § 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. Lender agrees with the Grantors that Lender will arrange, pursuant to procedures reasonably satisfactoiy to Lender and so long as such procedures will not result in Lender's loss of control, for the Grantors to make alterations to such electronic chattel paper or transferable record permitted under Section 9-105 of the Code or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or §16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by any Grantor with respect to such electronic chattel paper or transferable record.

5.3. Changes in Locations, Name, etc. Grantor shall not, except upon 30 days'prior written notice to Lender and delivery to Lender of (a) all additional financing statements and other documents reasonably requested by Lender as to the validity, perfection and priority of the security interests provided for herein and (b) if applicable, a written supplement to Schedule 4 showing any additional location at which Inventoiy or Equipment having a value gi'eater than $100,000 at any single location:

(i) permit any of the Inventoiy or Equipment to be kept at a location other than those listed on Schedule 4; provided, that up to $100,000 in fair market value of any such Inventory and Equipment may be kept at other locations;

(ii) change the location of its chief executive office from that specified on Schedule 3 or in any subsequent notice delivered pursuant to this Section 5.3; or

(iii) change its name, identity or corporate structure (including without limitation, the merger into or with any other Person).

Such Grantor shall not change its jurisdiction of organization without the prior written consent of Lender, which consent will not be unreasonably withheld or delayed.

5.4. Notices. Such Grantor will advise Lender promptly, in reasonable detail, of:

(a) any Lien (other than Permitted Liens) or Liens granted in favor of the Senior Agent in connection with the Senior Credit Agreement on any of the Collateral; and

(b) the occurrence of any other event which could reasonably be expected to have a material and adverse effect on the aggregate value of the Collateral or on the Liens created hereby.

5.5. Investment Property.

(a) If such Grantor shall become entitled to receive or shall receive any certificate, option or rights in respect of the equity interests of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any of the Pledged Equity, or otherwise in respect thereof, such Grantor shall accept the same as the agent of Lender, hold the same in trust for Lender and, subject to the Intercreditor Agreement, deliver the same forthwith to Lender in the exact form received, duly indorsed (but without any representation or warranty) by such Grantor to Lender, if required, together with an undated instrument of transfer covering such certificate duly executed in blank by such Grantor, to be held by Lender, subject to the terms hereof, as additional Collateral for the Secured Obligations. Upon the occurrence and during the continuance of an Event of Default, (i) any sums paid upon or in respect of the Investment Property upon the liquidation or dissolution of any Issuer shall be paid over to Lender to be held, at Lender's option, either by it hereunder as additional Collateral for the Secured Obligations or applied to the Secured Obligations as provided in Section 6.5, and (ii) in case any distribution of capital shall be made on or in respect of the Investment Propeity or any propeity shall be distributed upon or with respect to the Investment Propeity pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected Lien in favor of Lender and subject to the Intercreditor Agreement, be delivered to Lender to be held, at Lender's option, either by it hereunder as additional Collateral for the Secured Obligations or applied to the Secured Obligations as provided in Section 6.5. Upon the occurrence and during the continuance of an Event of Default, if any sums of money or property so paid or distributed in respect of the Investment Property shall be received by such Grantor, such Grantor shall, until such money or property is paid or delivered to Lender, hold such money or propeity in trust for Lender, segregated from other funds of such Grantor, as additional Collateral for the Secured Obligations.

(b) Without the prior written consent of Lender, such Grantor will not, so long as an Event of Default has occurred and is continuing, (i) vote to enable, or take any other action to permit, any Issuer to issue any equity interests of any nature or to issue any other securities or interests convertible into or granting the right to purchase or exchange for any equity interests of any nature of any Issuer, (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Investment Propeity or Proceeds thereof (except pursuant to a transaction expressly permitted by the Senior Credit Agreement as in effect as of the Closing) other than, with respect to Investment Propeity not constituting Pledged Equity or Pledged Notes, and such action which is not prohibited by the Senior Credit Agreement, (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Investment Property or Proceeds thereof, or any interest therein, except for Permitted Liens and Liens granted in favor

of the Senior Agent in connection with the Senior Credit Agreement, or (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor or Lender to sell, assign or transfer any of the Investment Propeity or Proceeds thereof, except, with respect to such Investment Property, shareholders' agreements entered into by such Grantor with respect to Persons in which such Grantor maintains an ownership interest of 50% or less.

(c) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Investment Property issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify Lender promptly in writing of the occurrence of any of the events described in Section 5.5(a) with respect to the Investment Propeity issued by it and (iii) the terms of Sections 6.3(c) shall apply to such Grantor with respect to all actions that may be required of it pursuant to Section 6.3(c) regarding the Investment Propeity issued by it.

5.6. Receivables.

(a) Other than in the ordinary course of business, without the prior written consent of Lender, such Grantor will not (i) grant any extension of the time of payment of any Receivable, (ii) compromise or settle any Receivable for less than the full amount thereof, (iii) release, wholly or partially, any Person liable for the payment of any Receivable, (iv) allow any credit or discount whatsoever on any Receivable or (v) amend, supplement or modify any Receivable in any manner that could materially adversely affect the value thereof, to the extent that any action in clauses (i) - (iv) above could reasonably be expected to have a Material Adverse Effect

(b) Such Grantor will deliver to Lender a copy of each material demand, notice or document received by it that questions or calls into doubt the validity or enforceability of more than 10% of the aggregate amount of the then outstanding Receivables for all Grantors.

5.7. Intellectual Property.

(a) Such Grantor (either itself or through licensees) will (i) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable law, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless Lender shall obtain a perfected security interest in such mark pursuant to this Agreement and the IP Security Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated or impaired in any way, to the extent that any action in clauses (i) - (v) could reasonably be expected to have a Material Adverse Effect.

(b) Such Grantor (either itself or through licensees) will not do any act, or omit to do any act, whereby any Patent may become forfeited, abandoned or dedicated to the public, to the extent such act or omission could reasonably be expected to have a Material Adverse Effect.

(c) Such Grantor (either itself or through licensees) (i) will employ each Copyright and (ii) will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of the Copyrights may become invalidated or otherwise impaired and which could reasonably be expected to have a Material Adverse Effect. Such Grantor will not (either itself or through licensees) do any act whereby any material portion of the Copyrights may fall into the public domain and which could reasonably be expected to have a Material Adverse Effect.

(d) Such Grantor (either itself or through licensees) will not do any act that knowingly uses any Intellectual Property to infringe the intellectual property rights of any other Person.

(e) Such Grantor will notify Lender promptly if it knows, or has reason to know, that any application or registration relating to any Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office, or any court or tribunal in any country) regarding, such Grantor's ownership of, or the validity of, any Intellectual Property or such Grantor's right to register the same or to own and maintain the same, except to the extent that such forfeiture, abandonment or dedication, or adverse determination or development would not reasonably be expected to have a Material Adverse Effect.

(f) Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office, or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall promptly report such filing to Lender. Upon the request of Lender, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as Lender may reasonably request to evidence Lender's security interest in any Copyright, Patent or Trademark and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(g) Such Grantor will take all reasonable and necessaiy steps to maintain and pursue each application referred to in Section 5,17(f), (and to obtain the relevant registration), except to the extent the failure to maintain and pursue such application would not reasonably be expected to have a Material Adverse Effect, and to maintain each registration of all Intellectual Property owned by it, except to the extent that the failure to maintain registration of all Intellectual Property owned by it would not reasonably be expected to have a Material Adverse Effect.

(h) In the event that any Intellectual Property is infringed upon or misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Propeity and (ii) if such Intellectual Property is of material economic value, promptly notify Lender after it learns thereof and, to the extent, in its reasonable judgment, such Grantor determines it appropriate under the circumstances, sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.

5.8. Deposit Accounts and Other Accounts . Such Grantor hereby authorizes the financial institutions at which such Grantor maintains a Deposit Account, other bank account, securities account or other account to provide Lender with such information with respect to such account as Lender may from time to time reasonably request, and each Grantor hereby consents to such information being provided to Lender. Such Grantor will cause each financial institution at which such Grantor maintains a Deposit Account or other account to enter into a control agreement or other similar agreement with Lender and such Grantor, in form and substance reasonably satisfactory to Lender, in order to give Lender "control" (within the meaning set forth in Section 9-104 of the Code) of such account, except for Exempt Accounts.

5.9. Other Matters. Such Grantor shall cause to be delivered to Lender, at Lender's request, a Collateral Access Agreement with respect to (a) each bailee with which such Grantor keeps Inventory or other assets as of the Closing Date having a value in excess of $50,000 and (b) each landlord which leases real property (and the accompanying facilities) to such Grantor as of the Closing Date at which it maintains its chief executive office or a substantial amount of its books or records. If such Grantor shall (x) cause to be delivered Inventory or other propeity having a value in excess of $50,000 to any bailee after the Closing Date, such Grantor shall on or prior to such delivery cause such bailee to sign a Collateral Access Agreement or (y) enter into any lease for real property after the Closing Date at which it maintains its chief executive office or a substantial amount of its books and records, such Grantor shall on or prior to the first day of the term of such lease cause the landlord to sign a Collateral Access Agreement.

5.10. Commercial Tort Claims . If such Grantor shall at any time acquire any Commercial Tort Claim, such Grantor shall promptly notify Lender thereof in writing, therein providing a reasonable description and summary thereof, and upon delivery thereof to Lender, such Grantor shall be deemed to thereby grant to Lender (and such Grantor hereby grants to Agent) a security interest in such Commercial Tort Claim and all proceeds thereof, and such Grantor shall execute such documentation as Lender shall require in order to document and effectuate such grant of a security interest.

5.11. Further Assurances; Subsidiary Joinder . The Borrowers shall take, and cause each other Loan Party to take, such actions as are necessary or as Lender may reasonably request from time to time to ensure that the Secured Obligations are secured by a perfected Lien in favor Lender (subject only to Permitted Liens and Liens granted to the Senior Agent in connection with the Senior Credit Agreement) on substantially all of the assets of the Borrowers and each Subsidiary of the Borrowers (as well as equity interests of each Subsidiary any Borrower) and guaranteed by all of the Subsidiaries of Borrowers (including, promptly upon the acquisition or creation thereof, any Subsidiary of Borrowers acquired or created after the Closing Date), in each case including (a) the execution and delivery of guaranties, security agreements, pledge agreements, mortgages, deeds of trust, financing statements and other documents, and the filing or recording of any of the foregoing and (b) the delivery of certificated securities (if any) and other Collateral with respect to which perfection is obtained by possession but excluding (a) the requirement for the Loan Parties to execute and deliver leasehold mortgages, and (b) any other Excluded Collateral as defined in this Agreement.

6. Remedial Provisions.

6.1. Certain Matters Relating to Receivables.

(a) At any time and from time to time after the occurrence and during the continuance of an Event of Default, Lender shall have the right to make test verifications of the Receivables in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information Lender may reasonably require in connection with such test verifications. At any time and from time to time after the occurrence and during the continuance of an Event of Default, upon Lender's reasonable request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others reasonably satisfactory to Lender to furnish to Lender reports showing reconciliations, agings and test verifications of, and trial balances for, the Receivables.

(b) If required by Lender at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected or received by or on behalf of any Grantor, subject to the Intercreditor Agreement (i) shall be forthwith (and, in any event, within 2 Business Days) deposited by such Grantor in the exact form received, duly indorsed (but without any representation or warranty) by such Grantor to Lender if required, in a collateral account maintained under the sole dominion and control of Lender, for application to the Secured Obligations in accordance with Section 6.5, and (ii) until so turned over, shall be held by such Grantor in trust for Lender, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) At any time and from time to time after the occurrence and during the continuance of an Event of Default, subject to the Intercreditor Agreement, at Lender's request, each Grantor shall deliver to Lender all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including all original orders, invoices and shipping receipts.

6.2. Communications with Obligors; Grantors Remain Liable.

(a) Lender in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables to verify with them to Lender's reasonable satisfaction the existence, amount and terms of any Receivables.

(b) Upon the request of Lender at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify obligors on the Receivables that the Receivables have been assigned to Lender and that payments in respect thereof shall be made directly to Lender.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable in respect of each of the Receivables to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. No Lender shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by Lender

of any payment relating thereto, nor shall Lender be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(d) For the purpose of enabling Lender to exercise rights and remedies under this Agreement, each Grantor hereby grants to Lender, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, license or sublicense any Intellectual Property that constitutes part of the Collateral now owned or hereafter acquired by such Grantor, to the extent such Intellectual Property may be so licensed or sublicensed, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

6.3. Investment Property.

(a) Unless an Event of Default shall have occurred and be continuing and Lender shall have given notice to the relevant Grantor of Lender's intent to exercise its corresponding rights pursuant to Section 6.3(b). each Grantor shall be permitted to receive all cash dividends and distributions, payments and Proceeds paid in respect of the Pledged Equity, the Pledged Notes and all other Investment Property that constitutes Collateral, to the extent permitted in the Senior Credit Agreement, and to exercise all voting and other rights and any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Pledged Equity, Pledged Notes and Investment Property (including the right to exchange at its discretion any and all of the Investment Property upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate or other structure of any Issuer, or upon the exercise by such Grantor of any right, privilege or option pertaining to such Pledged Equity, Pledged Notes or Investment Property, and in connection therewith, the right to deposit and deliver any and all of such Pledged Equity, Pledged Notes and Investment Property with any committee, depositaiy, transfer agent, registrar or other designated agency upon such terms and conditions as such Grantor may determine); provided, that no vote shall be cast or other right exercised or action taken which would be inconsistent with or result in any violation of any provision of the Senior Credit Agreement or this Agreement.

(b) If an Event of Default shall occur and be continuing, upon notice to the relevant Grantor, subject to the Intercreditor Agreement, Lender shall have the right to (i) receive any and all cash dividends and distributions, payments or other Proceeds paid in respect of the Investment Property and make application thereof to the Secured Obligations in accordance with Section 6.5. (ii) register any or all of the Investment Property in the name of Lender or its nominee, (iii) exercise, or permit its nominee to exercise, all voting and other rights pertaining to such Investment Property, and (iv) exercise, or permit its nominee to exercise, any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Investment Property as if it were the absolute owner thereof (including the right to exchange at its

discretion any and all of the Investment Property upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate or other structure of any Issuer, or upon the exercise by any Grantor or Lender of any right, privilege or option pertaining to such Investment Property, and in connection therewith, the right to deposit and deliver any and all of the Investment Property with any committee, depositaiy, transfer agent, registrar or other designated agency upon such terms and conditions as Lender may determine), all without liability except to account for property actually received by it, but Lender shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Investment Property pledged by such Grantor hereunder to (i) comply with any instruction received by it from Lender in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement and the Loan Documents, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends, distributions or other payments with respect to the Investment Property directly to Lender.

6.4. Proceeds to be Turned Over To Lender . In addition to the rights of Lender specified in Section 6.1 with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all such Proceeds of Collateral received by or on behalf of any Grantor consisting of cash, checks and other cash equivalent items shall be held by such Grantor in trust for Lender, segregated from other funds of such Grantor, and shall, at the written request of Lender and subject to the Intercreditor Agreement, forthwith upon receipt by such Grantor, be turned over to Lender in the exact form received by such Grantor (duly indorsed (but without any representation or warranty) by such Grantor to Lender, if required). All Proceeds received by Lender hereunder shall be applied to the Secured Obligations as provided in Section 6.5.

6.5. Application of Proceeds. If an Event of Default shall have occurred and be continuing, Lender shall apply all or any part of Proceeds held in any collateral account established pursuant hereto or otherwise received by Lender to the payment of the Secured Obligations.

6.6. Code and Other Remedies . If an Event of Default shall occur and be continuing, Lender, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the Code, or any other applicable foreign or domestic law. Without limiting the generality of the foregoing, if an Event of Default shall occur or be continuing, Lender, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker’s board or office of Lender or elsewhere upon such terms and conditions as it may deem

advisable and at such prices as it may deem best, for cash or on credit or for future delivery with assumption of any credit risk. Lender may disclaim any warranties that might arise in connection with any such lease, assignment, grant of option or other disposition of Collateral and have no obligation to provide any warranties at such time. Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Such sales may be adjourned and continued from time to time with or without notice. Lender shall have the right to conduct such sales on any Grantor's premises or elsewhere and shall have the right to use any Grantor's premises without charge for such time or times as Lender deems necessary or advisable. Each Grantor further agrees after an Event of Default has occurred and is continuing, at Lender's request, to assemble the Collateral and make it available to Lender at places which Lender shall reasonably select, whether at such Grantor's premises or elsewhere. Lender shall apply the net proceeds of any action taken by it pursuant to this Section 6.6, after deducting all reasonable costs and expenses of eveiy kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of Lender hereunder, including reasonable attorneys' fees and disbursements, to the payment of the Secured Obligations. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against Lender arising out of the exercise by them of any rights hereunder, except to the extent such claims, damages or demands arise from the gross negligence, willful misconduct or bad faith of the Lender. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper so long as (a) it is given at least 15 days before such sale or other disposition, and (b) contains such information as may be prescribed by applicable law.

6.7. Pledged Equity. Each Grantor recognizes that Lender may be unable to effect a public sale of any or all the Pledged Equity, by reason of certain prohibitions contained in the Securities Act and other applicable securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. Lender shall be under no obligation to delay a sale of any of the Pledged Equity for the period of time necessary to permit the Issuer thereof to register such securities or other interests for public sale under the Securities Act, or other applicable state securities laws, even if such Issuer would agree to do so.

6.8. Deficiency. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient for the Secured Obligations to be Paid in Full and the fees and disbursements of any attorneys employed by Lender to collect such deficiency.

6.9. Permitted Licenses. Lender covenants and agrees that in connection with any foreclosure or other excercies of Lender's rights with respect to Permitted Licenses, Lender shall not terminate, limit or otherwise adversely affect the rights of licensees or sublicensees under such

Permitted Licenses, so long as such licensee or sublicensee is not then otherwise in default, under the applicable Permitted License in a way that would permit the applicable licensor to teriminate such Permitted License.

7. Agent.

7.1. Lender's Appointment as Attorney-in-Fact. etc .

(a) Each Grantor hereby irrevocably constitutes and appoints Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact and proxy with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of strictly carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives Lender the power and right, on behalf of and at the expense of such Grantor, without notice to or assent by such Grantor, to do any or all of the following to the extent otherwise expressly permitted by the terms of this Agreement and the Loan Documents (including the satisfaction of any requirement to give notice to such Grantor prior to doing any of the following):

(i) in the name of such Grantor or its own name, or otherwise, take possession of and indorse (but without any representation or warranty) and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise reasonably deemed appropriate by Lender for the purpose of collecting any and all such moneys due under any Receivable or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as Lender may reasonably request to evidence Lender's security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) discharge Liens levied or placed on or threatened against the Collateral, and effect any repairs or insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iv) execute, in connection with any sale provided for in Section 6,6 or 6/7, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (A) direct any party liable for any payment under any of the Collateral

to make payment of any and all moneys due or to become due thereunder directly to Lender or as Lender shall direct; (B) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) sign and indorse (but without any representation or warranty) any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (E) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (F) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as Lender may deem appropriate; (G) assign any Copyright, Patent or Trademark, throughout the world for such term or terms, on such conditions, and in such manner, as Lender shall in its sole discretion determine; (H) vote any right or interest with respect to any Investment Property; (I) order good standing certificates and conduct lien searches in respect of such jurisdictions or offices as Lender may deem appropriate; and (J) generally sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Lender were the absolute owner thereof for all purposes, and do, at Lender's option and such Grantor's expense, at any time, or from time to time, all acts and things which Lender deems necessary to protect, preserve or realize upon the Collateral and Lender's security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

(b) THE POWER-OF-ATTORNEY AND PROXY GRANTED HEREBY IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW. SUCH PROXY SHALL BE EFFECTIVE AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY INVESTMENT PROPERTY ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF THE INVESTMENT PROPERTY OR ANY OFFICER OR LENDER THEREOF). Each Grantor acknowledges and agrees that in any event such power-of-attorney and proxy is intended to and shall, to the fullest extent permitted by applicable law, be valid and irrevocable until (x) the Secured Obligations have been Paid in Full and (y) Lender has no further obligations under the Loan Documents. Such power-of-attorney and proxy shall be valid and irrevocable as provided herein notwithstanding any limitations to the contrary set forth in the charter, bylaws or other organizational documents of the relevant entities.

(c) Upon exercise of the proxy set forth herein, all prior proxies given by any Grantor with respect to any of the Investment Property (other than to Lender or otherwise pursuant to the Loan Documents) are hereby revoked, and until the Secured Obligations are Paid in Full no subsequent proxies (other than to Lender or otherwise under the Loan Documents) will be given with respect to any of the Investment Property. To the extent permitted by this Agreement, Lender, as proxy, will be empowered and may exercise the irrevocable proxy to vote the Investment Property at any and all times, including but not limited to, at any meeting of shareholders, partners or members, as the case may be, however called, and at any adjournment thereof, or in any action by written consent, and may waive any notice otherwise required in connection therewith. To the fullest extent permitted by applicable law, Lender shall have no agency, fiduciary or other implied duties to any Grantor or any other party when acting in its capacity as such attorney-in-fact or proxy. Each Grantor hereby waives and releases any claims that it may otherwise have against Lender with respect to any breach or alleged breach of any such agency, fiduciary or other duty, other than claims resulting from the gross negligence, bad faith or willful misconduct of Lender. Notwithstanding the foregoing grant of a power of attorney and proxy, Lender shall have no duty to exercise any such right or to preserve the same and shall not be liable for any failure to do so or for any delay in doing so.

(d) Anything in Section 7.1 (a) to the contrary notwithstanding, Lender agrees that it will not exercise any rights under the power of attorney provided for in this Section 7.1 (a) unless an Event of Default shall have occurred and be continuing.

(e) If any Grantor fails to perform or comply with any of its agreements contained herein, Lender, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement at such Grantor's sole cost and expense.

(f) Each Grantor hereby ratifies all that such attorneys shall be authorized hereunder to lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2. Duty of Agent. Lender's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession shall be to deal with it in the same manner as Lender deals with similar property for its own account. Lender nor any of its respective officers, directors, employees or agents shall not be (i) liable for any failure to demand, collect or realize upon any of the Collateral or for any delay in doing so (except to the extent Lender or such officers, directors, employees or agents acted with gross negligence, bad faith or in willful misconduct as determined by a court of competent jurisdiction) or (ii) under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on Lender hereunder are solely to protect Lender's interests in the Collateral and shall not impose any duty upon Lender to exercise any such powers. Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither Lender nor any of its officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except to the extent Lender (or such officer, director, employee or agent) acted with

gross negligence, bad faith or in willful misconduct as determined by a court of competent jurisdiction.

7.3. Photocopy of this Agreement. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

7.4. Omitted.

8. Miscellaneous.

8.1. Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified unless the same shall be in writing and signed by the Borrowers, each Grantor and Lender..

8.2. Notices. All notices, requests and demands to or upon Lender or any Grantor hereunder shall be in writing (including via electronic mail) and shall be sent to the applicable party at its address on Schedule 1 or at such other address as such party may, by written notice received by the other parties, have designated as its address for such purpose. Notices sent by electronic mail transmission shall be deemed to have been given when sent if sent during regular business hours on a Business Day, otherwise, such deemed delivery will be effective as of the next Business Day; notices sent by mail shall be deemed to have been given five (5) Business Days after the date when sent by registered or certified mail, first class postage prepaid; and notices sent by hand delivery or overnight courier service shall be deemed to have been given when received. Borrowers and Lender each hereby acknowledge that, from time to time, Lender and Borrowers may deliver information and notices using electronic mail.

8.3. Indemnification by Grantors. Each Grantor hereby agrees, on a joint and several basis, to indemnify, exonerate and hold Lender and each of the officers, directors, employees, Affiliates and agents of Lender (each a "Lender Party" and collectively, the "Lender Parties") free and harmless from and against any and all actions, causes of action, suits, losses, liabilities, damages and expenses, including Legal Costs, but expressly excluding any consequential, special or lost profits damages (collectively, the "Indemnified Liabilities"), incurred by Lender Parties or any of them as a result of, or arising out of, or relating to any act or omission by Borrowers or Grantors or any of their officer, directors, agents, including without limitation (a) any tender offer, merger, purchase of equity interests, purchase of assets or other similar transaction financed or proposed to be financed in whole or in part, directly or indirectly, with the proceeds of any of the Loans, (b) the use, handling, release, emission, discharge, transportation, storage, treatment or disposal of any hazardous substance at any property owned or leased by any Borrower, Grantor or any Subsidiary, (c) any violation of any Environmental Laws with respect to conditions at any property owned or leased by any Borrower, Grantor or any Subsidiary or the operations conducted thereon, (d) the investigation, cleanup or remediation of offsite locations at which any Borrower, Grantor or any Subsidiary or their respective predecessors are alleged to have directly or indirectly disposed of hazardous substances, or (e) the execution, delivery, performance or enforcement of this Agreement or any other Loan Document by any Lender Party, except to the extent any such hidemnified Liabilities result from the applicable Lender Party's own gross negligence, bad faith or willful

misconduct as determined by a court of competent jurisdiction. If and to the extent that the foregoing undertaking may be unenforceable for any reason, each Grantor hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The agreements in this Section 8.3 shall survive repayment of the Secured Obligations, any foreclosure under, or any modification, release or discharge of, any or all of the Collateral Documents and termination of this Agreement.

8.4. Enforcement Expenses.

(a) Each Grantor agrees, on a joint and several basis, to pay or reimburse on demand Lender for all duly documented, reasonable out-of-pocket costs and expenses (including Legal Costs) incurred in collecting against any Guarantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents.

(b) Each Grantor agrees to pay, and to save Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) The agreements in this Section 8.4 shall survive repayment of the Secured Obligations, any foreclosure under, or any modification, release or discharge of, any or all of the Collateral Documents and termination of this Agreement.

8.5. Captions. Captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

8.6. Nature of Remedies. All Secured Obligations of each Grantor and rights of Lender expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable law. No failure to exercise and no delay in exercising, on the part of Lender, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

8.7. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement. Receipt by facsimile machine or in ".pdf" format through electronic mail of any executed signature page to this Agreement or any other Loan Document shall constitute effective delivery of such signature page. This Agreement and the other Loan Documents to the extent signed and delivered by means of a facsimile machine or other electronic transmission (including ".pdf), shall be treated in all manner and respects and for all purposes as an original agreement or amendment and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such other Loan Document shall raise the use of a facsimile machine or other electronic transmission to deliver a signature or the fact that any signature or agreement or amendment was transmitted or communicated through the use of a facsimile

machine or other electronic transmission as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

8.8. Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

8.9. Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the parties hereto and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof and any prior arrangements made with respect to the payment by any Grantor of (or any indemnification for) any fees, costs or expenses payable to or incurred (or to be incurred) by or on behalf of Lender.

8.10. Successors; Assigns. This Agreement shall be binding upon Grantors, Lender and their respective successors and assigns, and shall inure to the benefit of Grantors, Lender and the successors and assigns of Lender. No other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents. No Grantor may assign or transfer any of its rights or Obligations under this Agreement without the prior written consent of Lender.

8.11. Governing Law. THIS AGREEMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHM SUCH STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

8.12. Forum Selection; Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF DELAWARE OR IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE. EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF DELAWARE AND OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH PARTY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, U.S. FIRST CLASS POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

8.13. Waiver of Jury Trial. EACH GRANTOR AND LENDER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS

UNDER THIS AGREEMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

8.14. Set-off. Each Grantor agrees that Lender have all rights of set-off and bankers' lien provided by applicable law, and in addition thereto, each Grantor agrees that at any time any event of Default has occurred and is continuing, Lender may apply to the payment of any Secured Obligations, whether or not then due, any and all balances, credits, deposits, accounts or moneys of such Grantor then or thereafter with Lender.

8.15. Acknowledgements. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) it has received a fully executed copy of this Agreement;

(c) Lender does not have a fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand, and Lender, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(d) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among Lender or among the Grantors and Lender.

8.16. Additional Grantors. Each Loan Party that is required to become a party to this Agreement pursuant to Section 5.11 of this Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Loan Party of a joinder agreement in the form of Annex I hereto.

8.17. Releases.

(a) At such time as the Secured Obligations have been Paid in Full, the Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of Lender and each Grantor hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, Lender shall deliver to the Grantors any Collateral held by Lender hereunder, and execute and deliver to the Grantors such documents as the Grantors shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold or otherwise disposed of by any Grantor in a transaction permitted by the Senior Credit Agreement, then Lender, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases or other documents

reasonably necessary or desirable for the release of the Liens created hereby on such Collateral. At the request and sole expense of Borrowers, a Subsidiary Guarantor shall be released from its obligations hereunder in the event that all the equity interests of such Subsidiaiy Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Senior Credit Agreement; provided that Borrowers shall have delivered to Lender, with reasonable notice prior to the date of the proposed release, a written request for release identifying the relevant Subsidiary Guarantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by each Borrower stating that such transaction is in compliance with the Senior Credit Agreement.

8.18. Obligations and Liens Absolute and Unconditional . Each Grantor understands and agrees that the obligations of each Grantor under this Agreement shall be construed as continuing, absolute and unconditional without regard to (a) the validity or enforceability of any Loan Document, any of the Secured Obligations or any other collateral security therefor or guaranty or right of offset with respect thereto at any time or from time to time held by Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Grantor or any other Person against Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of any Grantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Grantor for the Secured Obligations, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Grantor, or Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against any other Grantor or any other Person or against any collateral security or guaranty for the Secured Obligations or any right of offset with respect thereto, and any failure by Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from any other Grantor or any other Person or to realize upon any such collateral security or guaranty or to exercise any such right of offset, or any release of any other Grantor or any other Person or any such collateral security, guaranty or right of offset, shall not relieve any Grantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of Lender against any Grantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

8.19. Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor or any Issuer for liquidation or reorganization, should any Grantor or any Issuer become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's or any Issuer's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made, hi the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

8.20. Conflicting Terms. In the event of any conflict between the terms of this Agreement and the terms of the hitercreditor Agreement, the terms of the hitercreditor Agreement shall control.

[Signature page follows]

Each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

GRANTORS:

PDI, INC.,
a Delaware corporation

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

GROUP DCA, LLC,
a Delaware limited liability company

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

INTERPACE BIOPHARMA, LLC,
a New Jersey limited liability company

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

INTERPACE DIAGNOSTICS, LLC,
a Delaware limited liability company

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

JS GENETICS, INC.,
a Delaware corporation

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

REDPATH ACQUISITION SUB, INC.,
a Delaware corporation

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

LENDER:

REDPATH EQUITYHOLDER REPRSENTATIVE,
LLC, a Delaware limited liability company

By: Commerce Health Ventures, L.P., its Member

By: /s/ Brian G. Murphy
Name: Brian G. Murphy
Title: General Partner

SCHEDULE 1

INVESTMENT PROPERTY

A. PLEDGED EQUITY

Company Name	Owner Name	Number and type of ownership interests pledged	Percentage of company pledged by listed owner
Inserve Support Solutions	PDI, Inc.	Any and all ownership interests held by PDI, Inc. in this entity	100%
PDI Investment Company, Inc.	PDI, Inc.	3000 shares of Common Stock	100%
TVG, Inc., a Delaware corporation incorporated 9/19/1986, having Delaware Entity No. 2102057 ("TVG, Inc.")	PDI, Inc.	Any and all ownership interests held by PDI, Inc. in this entity	100%
Group DCA, LLC	PDI, Inc.	8,693,250 shares of interest in company	100%
Interpace BioPharma, LLC	PDI, Inc.	Membership Interests	100%
Interpace Diagnostics, LLC	PDI, Inc.	Membership Interest	100%
JS Genetics, Inc.	Interpace Diagnostics, LLC	500 shares of Common Stock	100%
RedPath Acquisition Sub, Inc.[1]	Interpace Diagnostics, LLC	100 shares of Common Stock	100%
Interpace Diagnostics Corporation[2]	Interpace Diagnostics, LLC	100 shares of Common Stock	100%

PDI, Inc. has the option to acquire 100% of the shares of Diagnostic Company pursuant to the terms and conditions of the Collaboration Agreement.

[1] Immediately prior to closing of the RedPath Acquisition.

[2] Immediately after closing of the RedPath Acquisition.

B. PLEDGED NOTES

None.

C. OTHER INVESTMENT PROPERTY

Borrower's securities account no. 7992-9731 at Wells Fargo.

PDI's initial fee of $1,500,000 paid to Diagnostic Company under terms of the Collaboration Agreement and recorded as an investment.

D. NOTICE ADDRESS

PDI, Inc.,
300 Inteipace Parkway,
Morris Corporate Center 1, Building A,
Parsippany, NJ 07054

SCHEDULE 2

Reserved.

SCHEDULE 3

GRANTOR INFORMATION

Grantor (exact legal name)	Jurisdiction of Organization	Federal Employer Identification Number	Chief Executive Office	Organizational Identification Number
PDI, Inc.	Delaware	22-2919486	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	2821446
Group DCA, LLC	Delaware	Wholly-owned single member entity of PDI, Inc.	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	3155055
Interpace BioPharma, LLC	New Jersey	Wholly-owned single member entity of PDI, Inc.	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	600375428
Interpace Diagnostics, LLC	Delaware	46-4149195	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	5448700
JS Genetics, Inc.	Delaware	80-0524822	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	3772747
RedPath Acquisition Sub, Inc.[3]	Delaware	N/A	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	5620117
Interpace Diagnostics Corporation[4]	Delaware	20-1422009	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	4354810

[3] Immediately prior to closing of the RedPath Acquisition.

[4] Immediately after closing of the RedPath Acquisition.

SCHEDULE 4

A. COLLATERAL LOCATIONS

Grantor	Collateral Location or Place of Business (including chief executive office)	Owner/Lessor (if leased)[5]
PDI Inc.	300 Merpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Brookwood MC Investors, LLC and Brookwood MC II, LLC, as tenants in common Notice Address: Brookwood MC Investors, LLC Brookwood MC II, LLC 72 Cherry Hill Drive Beverly, MA 01915 Attention: Director, Asset Management
	425/475 Woodfield Corporate Center, Schaumburg, Illinois	Woodfield Realty Holding Company, LLC Notice Address: Woodfield Holdings FT, LLC c/o Lincoln Property Company Commercial, Inc. 475 North Martingale Road Suite 770 Schaumburg, Illinois 60173 Attn: General Manager With a copy to: Woodfield Holdings PT, LLC c/o GE Asset Management Incorproated 3001 Summer Street Stamford, Connecticut 06907-7900
	One Route 17 South, Suite 300, Saddle River, Bergen County, New Jersey	VRS Saddle River LLC Notice Address: VRS Saddle River LLC c/o Kwartler Associates, Inc. 2 North Street Waldwick, NJ 07463 With a copy to: TA Associates Realty 28 State Street Boston, MA 02109 Attn: Mr. Christopher J. Good

	Montgomery Corporate Center 200 Dryden Road, Upper Dublin, Pennsylvania, Building II, Phase I	Fort Washington Phase II Associates, L.P. Notice Address: c/o Steven J. Pozycki Morris Corporate Center IV Building C 379 Interpace Parkaway Parsippany, New Jersey 07504 With a copy to: Martin F. Dowd, Esq. McCarter & English, LLP Four Gateway Center 100 Mulberry Street Newark, New Jersey 07102
Group DCA, LLC	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Leased by PDI, Inc., see information above.
Interpace BioPharma, LLC	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Leased by PDI, Inc., see information above.
Interpace Diagnostics, LLC	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Leased by PDI, Inc., see information above.
JS Genetics, Inc. (subsidiary of Interpace Diagnostics, LLC)	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054 2 Church Street, New Haven, CT	Leased by PDI, Inc., see information above. WE 2 Church Street South LLC Notice Address: WE 2 Church Street South LLC c/o Winstanley Enterprises LLC 150 Baker Avenue Extension, Suite 303 Concord, MA 01742
RedPath Acquisition Sub, Inc.[6]	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054	Leased by PDI, Inc., see information above.

Interpace Diagnostics Corporation[7]	300 Interpace Parkway, Morris Corporate Center 1, Bldg A, Parsippany, NJ 07054 3rd and 4th floors in a building located at 2515 Liberty Avenue, City of Pittsburgh, County of Allegheny, Commonwealth of Pennsylvania Apartment 1205, 2349 Railroad Street, Pittsburgh, Pennsylvania 15222 Apartment 2414, 2359 Railroad Street, Pittsburgh, Pennsylvania 15222	Leased by PDI, Inc., see information above. Spring Way Center, LLC Notice Address: Spring Way Center, LLC c/o Benyon & Company, Agent 1900 Allegheny Building Pittsburgh, PA 15219-1613 The Cork Factory Notice Address: The Cork Factory 2349 Railroad Street Pittsburgh, PA 15222

5 All locations listed are leased.
6 Immediately prior to closing of the RedPath Acquisition.
7 Immediately after closing of the RedPath Acquisition.

All companies have sales representatives that work from home in various states that have certain company equipment, such as computers, in each case with a value below $2,000.

B. COLLATERAL IN POSSESSION OF LESSOR. BAILEE, CONSIGNEE OR WAREHOUSEMAN

Grantor	**Collateral**	**Lessor/Bailee/Consignee/Warehouseman**
All Grantors	Certain IT equipment at data center	SUNGARD AVAILABILITY SERVICES Carlstadt CRL-410 Data Center 410 Commerce Drive, Carlstadt, NJ, 07072

SCHEDULE 5

INTELLECTUAL PROPERTY

Licenses

Second Amended and Restated Exclusive License Agreement, effective as of March 18, 2014, by and between Yale University, as licensor, and JS Genetics, Inc., as licensee, with respect to an invention entitled "DCDC2 Mutations Cause Dyslexia (OCR 1742);"

Amended and Restated Exclusive License Agreement, effective as of March 18, 2014, by and between Yale University, as licensor, and JS Genetics, Inc., as licensee, with regard to an invention entitled "DNA Diagnostic Screening for Turner Syndrome and Sex Chromosome Disorders (OCR 1601);"

License Agreement, dated as of August 13, 2014, by and between Asuragen, Inc. and Interpace Diagnostics, LLC granting certain rights under CPRIT Agreement;

License Agreement, dated as of August 13, 2014, by and between Asuragen, Inc. and Interpace Diagnostics, LLC granting rights described therein;

Non-Exclusive License Agreement by and between Asuragen, Inc. and The Brigham Women's Hospital, Inc., with effective date of June 14, 2010 and amendment, transferred to Interpace Diagnostics, LLC taking the place of Asuragen, expected to be effective as of November 30, 2014;

License Agreement by and between Asuragen, Inc. and Ohio State Innovation Foundation, with effective date of November 10, 2011, with regard to Ohio State Technology 05083 entitled "MicroRNA Diagnostic Biomarkers and Therapeutic Targets for Pancreatic Cancer" transferred to Interpace Diagnostics, LLC taking the place of Asuragen, effective as of August 13, 2014;

Non-exclusive license agreement between The Johns Hopkins University and PDI, Inc., effective October 14, 2014.

Copyrights

None

[8] This agreement will be transferred to Interpace Diagnostics, LLC once Asuragen completes its obligations under a TSA between Interpace Diagnostics, LLC and Asuragen. It is scheduled to be completed on November 30, 2014, but could be extended.

Patents

U.S. Cases:

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics	60/826,173 NA	09/19/2006 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	US
Interpace Diagnostics	11/857,948 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	US
Interpace Diagnostics	61/414,778 NA	11/17/2010 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	US
Interpace Diagnostics	13/299,226 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	US
Interpace Diagnostics	61/534,332 NA	09/13/2011 NA	Methods and Compositions Involving miR-135B for Distinguishing Pancreatic Cancer from Benign Pancreatic Disease	US
Interpace Diagnostics	61/536,486 NA	09/19/2011 NA	Methods and Compositions Involving miR-135B for Distinguishing Pancreatic Cancer from Benign Pancreatic Disease	US
Interpace Diagnostics	13/615,066 NA	9/13/2012 NA	Methods and Compositions Involving miR~135B for Distinguishing Pancreatic Cancer from Benign Pancreatic Disease	US
Interpace Diagnostics	61/552,451 NA	10/27/2011 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	US
Interpace Diagnostics	61/552,762 NA	10/27/2011 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	US
Interpace Diagnostics	13/662,450 NA	10/27/2012 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	US
Interpace Diagnostics	61/709,411 NA	10/04/2012 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	US
Interpace Diagnostics	61/716,396 NA	10/19/2012 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	US
Interpace Diagnostics	13/801,737 NA	3/13/2013 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	US

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
PDI, Inc.	13/436,259	3/30/2012	Consolidated Presentation Of Pharmaceutical Information From Multiple Sources	US
JS Genetics Inc.	13/266434	4/28/2010	Molecdular Diagnosis of Fragile X Syndrome Associated with FMR1 Gene	US
JS Genetics Inc.	13/266429	4/26/2010	Method of Prenatal Molecular Diagnosis of Down Syndrome and Other Trisomic Disorders	US

Foreign Cases:

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics	PCT/US07/78936 NA	09/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	PCT
Interpace Diagnostics	2007299828 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	AU
Interpace Diagnostics	2,664,383 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	CA
Interpace Diagnostics	12159733 NA	9/19/2007 NA	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	EU
Interpace Diagnostics	2009-529373 5520605	9/19/2007 4/11/2014	MicroRNAs Differentially Expressed in Pancreatic Disease and Uses Thereof	JP
Interpace Diagnostics	PCT/US11/61237 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	PCT
Interpace Diagnostics	2011329772 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	AU
Interpace Diagnostics	1120130122650 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	BR
Interpace Diagnostics	2817882 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	CA
Interpace Diagnostics	14150739.2 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	EU

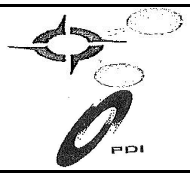
Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics	226356 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	IL
Interpace Diagnostics	2013540026 NA	11/17/2011 NA	MiRNAs as Biomarkers for Distinguishing Benign from Malignant Thyroid Neoplasms	JP
Interpace Diagnostics	PCT/US2012/062330 NA	10/27/2012 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	PCT
Interpace Diagnostics	12787991.4 NA	10/27/2012 NA	miRNAs as Diagnostic Biomarkers to Distinguish Benign from Malignant Thyroid Tumors	EU
Interpace Diagnostics	PCT/US2013/030990 NA	3/13/2013 NA	Diagnostic mirnas for Differential Diagnosis of Incidental Pancreatic Cystic Lesions	PCT
PDI, Inc.	PCT/US2013/034670	3/29/2013	Consolidated Presentation Of Pharmaceutical Information From Multiple Sources	PCT

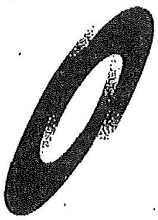
Co-owned Patent Applications

Owner	App. No. Patent No.	Filing Date Issue Date	Title	Country
Interpace Diagnostics & Brig ham Women's Hospital	13/801,737 NA	3/13/2013 NA	Diagnostic Mirnas For Differential Diagnosis Of Incidental Pancreatic Cystic Lesions	US
Interpace Diagnostics & Brigham Women's Hospital	PCT/US2013/030990 NA	3/13/2013 NA	Diagnostic Mirnas For Differential Diagnosis Of Incidental Pancreatic Cystic Lesions	PCT

Trademarks

Owner	Mark	Country	App. Mo. Reg. No.
Interpace Diagnostics	MIRINFORM	US	77/447,187 3,546,361
Interpace Diagnostics	MIRINFORM	US	85/067,844 4,071,426

Owner	Mark	Country	App. Mo. Reg. No.
Interpace Diagnostics	MIRINFORM	US	85/067,850 4,071,427
Interpace Diagnostics	MIRINFORM	MP (CN)	A0035669 1162299
Interpace Diagnostics	MIRINFORM	MP (CN)	A0035671 11621785
Group DCA, LLC	DIAGRAM	US	85/145,671 3,970,284
Group DCA, LLC	CUECARD	US	78/826,562 3,486,366
Group DCA, LLC	PDONE	US	85/567,143 4,593,300
Group DCA, LLC	PDONE	US	85/567,130 4,593,299
Interpace Diagnostics, LLC	BaraGen	US	86/390,390 n/a
Interpace Diagnostics, LLC	THYMIRA	US	86/370,332 n/a
Interpace Diagnostics, LLC	THYRAMIR	US	86/370,328 n/a
Interpace Diagnostics, LLC	PancraGEN	US	86/370,325 n/a
Interpace Diagnostics, LLC	ThyGenX	US	86/365,003 n/a
Interpace Diagnostics, LLC	PANCRAMIR	US	86/357,914 n/a
Interpace Diagnostics LLC		US	86/290,079 n/a
Interpace Diagnostics LLC	POWER IN PERFORMANCE	US	86/325,980 n/a
PDI, Inc.	INTERPACE DIAGNOSTICS	US	86/130,866 n/a
PDI, Inc.		US	76/630,045 3,617,915

Owner	Mark	Country	App. Mo. Reg. No.
PDI, Inc.		US	76/630,047 3,344,703
PDI, Inc.	PDI	US	76/630,046 3,617,916
PDI, Inc.	PD ONE REP	US	86/227,209 n/a
PDI, Inc.	THE MEDICAL BUZZ	US	85/930,489 4465320
PDI, Inc.	THE MEDICAL BAG	US	85/929,050 n/a
PDI, Inc.	WHAT KILLED 'EM	US	85/930,510 4,465,321
PDI, Inc.	DESPICABLE DOCTORS	US	85/930,412 4465315
PDI, Inc.	COMIC SEIZURE	US	85/930,420 4465316
PDI, Inc.	HCP ECOSYSTEM	US	85/971374 n/a
PDI, Inc.	INTERPACE DIAGNOSTICS	US	86/130866

Mask Works

None

Redpath Assets
Redparth Patents

Pat.No/App. No.	Country	Status	Title	Filing Date	Issue Date	Assignee
2584989	CA	Abandoned	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.
2585025	CA	Abandoned	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.
2584723	CA	Abandoned	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.
5818189.2	EP	Abandoned	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.
5818314.6	EP	Abandoned	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.

5817148.9	EP	Abandoned	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE. SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.
60/620926	US	Expired	TOPOGRAPHIC GENOTYPING FOR DEFINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGICAL BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	10/22/2004		RedPath Integrated Pathology, Inc.
11/255978	US	Abandoned	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	10/24/2005		RedPath Integrated Pathology, Inc.
60/631240	US	Expired	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	11/29/2004		RedPath Integrated Pathology, Inc.
11/256150	US	Abandoned	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.
60/644568	US	Expired	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	01/19/2005		RedPath Integrated Pathology, Inc.

11/256152	US	Abandoned	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.
60/679968	US	Expired	MOLECULAR ANALYSIS OF CELLULAR FLUIDS SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	05/12/2005		RedPath Integrated Pathology, Inc.
11/255980	US	Abandoned	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.
60/679969	US	Expired	DYNAMIC GENOMIC DELETION EXPANSION: A PREDICTOR OF CANCER BIOLOGICAL AGGRESSIVENESS	05/12/2005		RedPath Integrated Pathology, Inc.
14/305,727	US	Pending	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	6/16/2014		RedPath Integrated Pathology, Inc.
US2005/038315	PCT	Expired	MOLECULAR ANALYSIS OF CELLULAR FLUID AND LIQUID CYTOLOGY SPECIMENS FOR CLINICAL DIAGNOSIS, CHARACTERIZATION, AND INTEGRATION WITH MICROSCOPIC PATHOLOGY EVALUATION	10/24/2005		RedPath Integrated Pathology, Inc.

US2005/038313	PCT	Expired	DYNAMIC GENOMIC DELETION EXPANSION AND FORMULATION OF MOLECULAR MARKER PANELS FOR INTEGRATED MOLECULAR PATHOLOGY DIAGNOSIS AND CHARACTERIZATION OF TISSUE, CELLULAR FLUID, AND PURE FLUID SPECIMENS	10/24/2005		RedPath Integrated Pathology, Inc.
US2005/038311	PCT	Expired	ENHANCED AMPLIFIABILITY OF MINUTE FIXATIVE-TREATED TISSUE SAMPLES, MINUTE STAINED CYTOLOGY SAMPLES, AND OTHER MINUTE SOURCES OF DNA	10/24/2005		RedPath Integrated Pathology, Inc.
US2005/038312	PCT	Expired	TOPOGRAPHIC GENOTYPING FOR DETERMINING THE DIAGNOSIS, MALIGNANT POTENTIAL, AND BIOLOGIC BEHAVIOR OF PANCREATIC CYSTS AND RELATED CONDITIONS	10/24/2005		RedPath Integrated Pathology, Inc.
2198774	CA	Abandoned	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.
95935153.7	EP	Abandoned	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.
8-511138	JP	Abandoned	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.
6,340,563 (08/667493)	US	Granted	TOPOGRAPHIC GENOTYPING	06/24/1996	01/22/2002	RedPath Integrated Pathology, Inc.
7,014,999 (10/008278)	US	Granted	TOPOGRAPHIC GENOTYPING	11/05/2001	03/21/2006	RedPath Integrated Pathology, Inc.
11/289624	US	Abandoned	TOPOGRAPHIC GENOTYPING	11/30/2005		RedPath Integrated Pathology, Inc.
08/311553	US	Abandoned	TOPOGRAPHIC GENOTYPING	09/23/1994		RedPath Integrated Pathology, Inc.
US95/12372	PCT	Expired	TOPOGRAPHIC GENOTYPING	09/22/1995		RedPath Integrated Pathology, Inc.

61/240919	US	Abandoned	GENERATION OF A COMPREHENSIVE PATHOLOGY REPORT BASED ON MOLECULAR AND GENETIC ANALYSIS	09/09/2009		RedPath Integrated Pathology, Inc.
61/294355	US	Abandoned	METHODS OF COMPARATIVE MUTATIONAL PROFILING	01/12/2010		RedPath Integrated Pathology, Inc.
61/429908	US	Expired	METHODS OF COMPARATIVE MUTATIONAL PROFILING	01/05/2011		RedPath Integrated Pathology, Inc.
61/292561	US	Abandoned	METHODS OF IDENTIFYING BLOOD AND BLOOD-DERIVED DNA CONTENT IN CYST	01/06/2010		RedPath Integrated Pathology, Inc.
61/429900	US	Expired	METHODS OF IDENTIFYING BLOOD AND BLOOD-DERIVED DNA CONTENT IN CYST	01/05/2011		RedPath Integrated Pathology, Inc.
61/297136	US	Abandoned	METHOD OF GENERATING A PATHOLOGY REPORT FOR COMPARATIVE MUTATIONAL PROFILING	01/21/2010		RedPath Integrated Pathology, Inc.
61/425109	US	Expired	MOLECULAR DISCRIMINATION BETWEEN SPORADIC VERSUS TOXIN-ASSOCIATED CANCER FORMATION	12/20/2010		RedPath Integrated Pathology, Inc.
13/331966	US	Abandoned	METHODS OF DIFFERENTIATING BETWEEN NON-GENOTOXIN AND GENOTOXIN-ASSOCIATED TUMORS	12/20/2011		RedPath Integrated Pathology, Inc.
61/443014	US	Expired	METHODS OF DIFFERENTIATING BETWEEN NON-GENOTOXIN VERSUS GENOTOXIN-ASSOCIATED TUMORS	02/15/2011		RedPath Integrated Pathology, Inc.
61/549684	US	Expired	METHODS OF GENOTYPING DNA FROM RESIDUAL SUPERNATANT FLUID FORM BIOLOGICAL SPECIMENS	10/20/2011		RedPath Integrated Pathology, Inc.
61/565879	US	Expired	METHODS OF IDENTIFYING DYSPLASIA IN A SUBJECT	12/01/2011		RedPath Integrated Pathology, Inc.
13/692727	US	Pending	METHODS FOR TREATING BARRETT'S METAPLASIA AND ESOPHAGEAL ADENOCARCINOMA	12/03/2012		RedPath Integrated Pathology, Inc.

13/954247	US	Pending	METHODS FOR TREATING BARRETT'S METAPLASIA AND ESOPHAGEAL ADENOCARCINOMA	07/30/2013		RedPath Integrated Pathology, Inc.
US 14/46702	PCT	Pending	METHODS FOR TREATING BARRETT'S METAPLASIA AND ESOPHAGEAL ADENOCARCINOMA	07/15/2014		RedPath Integrated Pathology, Inc.
61/612061	US	Expired	METHODS OF GENOTYPING DNA FROM RESIDUAL RADIOCONTRAST AGENT	03/16/2012		RedPath Integrated Pathology, Inc.
61/640527	US	Expired	METHODS FOR DIAGNOSING LOW AND HIGH GRADE DYSPLASIA IN BARRETT'S ESOPHAGUS	04/30/2012		RedPath Integrated Pathology, Inc.
61/661256	US	Expired	METHODS FOR DIAGNOSING LOW AND HIGH GRADE DYSPLASIA IN BARRETT'S ESOPHAGUS	06/18/2012		RedPath Integrated Pathology, Inc.
61/731725	US	Expired	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	11/30/2012		RedPath Integrated Pathology, Inc.
14/092,036	US	Pending	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	11/27/2013		RedPath Integrated Pathology, Inc.
61/824623	US	Expired	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	05/17/2013		RedPath Integrated Pathology, Inc.
61/840963	US	Expired	METHODS FOR MEASURING CARCINOEMBRYONIC ANTIGEN	06/28/2013		RedPath Integrated Pathology, Inc.

Red Path Copyrights:

None.

Red Path Trademarks:

Country	Mark	Reg./App. No.	Filing Date	Reg. Date	Goods	Registrant	Status
US	PATHFINDERTG	3208314 (78/848127)	3/28/06	2/13/07	IC042 - Medical laboratory services, namely, testing and analysis of tissue or fluids for diagnostic and forensic purposes	RedPath Integrated Pathology, Inc.	Registered

SCHEDULE 6

DEPOSIT ACCOUNTS AND OTHER ACCOUNTS

[OMITTED]

SCHEDULE 7

COMMERCIAL TORT CLAIMS

None.

SCHEDULE 8

EXCLUDED PROPERTY

License agreements representing Intellectual Property licensed to any Grantor and such other Material Contracts as listed on Schedule 5.21 of the Credit Agreement which constitute assets of any Grantor and fall within the definition of Excluded Property by virtue of restrictions on transfer or assignment contained therein, provided, however, for the avoidance of doubt, that the reference above does not include the Proceeds (as defined in Section 9-102(a)(64) (A), (B), (D), and (E) of the Code) of such license agreements and other Material Contracts listed on Schedule 5.21 of the Credit Agreement.

SCHEDULE 9

HEALTH CARE INSURANCE RECEIVABLES

Prior to the Closing Date, RedPath Integrated Pathology, Inc. has Health Care Insurance Receivables. After the Closing Date, Interpace Diagnostics, LLC will have Health Care Insurance Receivables.

ANNEX I

FORM OF JOINDER TO GUARANTEE AND COLLATERAL AGREEMENT

This JOINDER AGREEMENT (this "Agreement") dated as of **[_____]** is executed by the undersigned for the benefit of SWK Funding LLC, as Agent (the "Agent") in connection with that certain Guarantee and Collateral Agreement dated as of October 31, 2014 among the Grantors party thereto and Agent (as amended, supplemented or modified from time to time, the "Guarantee and Collateral Agreement"). Capitalized terms not otherwise defined herein are being used herein as defined in the Guarantee and Collateral Agreement.

Each Person signatory hereto is required to execute this Agreement pursuant to Section 8.16 of the Guarantee and Collateral Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each signatory hereby agrees as follows:

1. Each such Person assumes all the obligations of a Grantor and a Guarantor under the Guarantee and Collateral Agreement and agrees that such Person is a Grantor and a Guarantor and bound as a Grantor and a Guarantor under the terms of the Guarantee and Collateral Agreement, as if it had been an original signatory to the Guarantee and Collateral Agreement. In furtherance of the foregoing, such Person hereby (i) grants to Agent a security interest in all of its right, title and interest in and to the Collateral owned thereby to secure the Secured Obligations and (ii) guarantees the prompt and complete payment and performance by Borrower when due (whether at the stated maturity, by acceleration or otherwise) of Borrower Obligations.

2. Schedules 1. 2, *3,* 4, 5_, 6, 7, and *8,* of the Guarantee and Collateral Agreement are hereby amended and restated in the forms of Schedules 1. 2, *3_,* 4, 5_, 6, 7, and £, respectively, hereof. Each such Person and all existing Grantors hereby make to Agent the representations and warranties set forth in the Guarantee and Collateral Agreement applicable to such Person and the applicable Collateral and confirms that such representations and warranties are true and correct after giving effect to such amendment to such Schedules.

3. In furtherance of its obligations under Section 5.2 of the Guarantee and Collateral Agreement, each such Person authorizes Agent to file appropriately complete Code financing statements naming such person or entity as debtor and Agent as secured party, and describing the Collateral, and agrees to execute and deliver such other documentation as Agent (or its successors or assigns) may require to evidence, protect and perfect the Liens created by the Guarantee and Collateral Agreement, as modified hereby.

4. Each such Person's address and fax number for notices under the Guarantee and Collateral Agreement shall be that of the Borrower as set forth in the Guarantee and Collateral Agreement.

5. This Agreement shall be deemed to be part of, and a modification to, the Guarantee and Collateral Agreement and shall be governed by all the terms and provisions of the Guarantee and Collateral Agreement, with respect to the modifications intended to be made to such agreement, which terms are incorporated herein by reference, are ratified and confirmed and shall continue in full force and effect as valid and binding agreements of each such person or entity enforceable against such person or entity. Each such person or entity hereby waives notice of Agent's acceptance of this Agreement. Each such person or entity will deliver an executed original of this Agreement to Agent.

[add signature block for each new Grantor and an acknowledgement by each existing Grantor]

Execution Version

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS **SUBORDINATION AND INTERCREDITOR AGREEMENT** (this "***Agreement***") is entered into as of October 31, 2014, by and among PDI, Inc., a Delaware Corporation (the "***Borrower***") , **REDPATH EQUITYHOLDER REPRESENTATIVE, LLC**, a Delaware limited liability company (the " ***Junior Lender***"), and **SWK Funding LLC**, a Delaware limited liability company, as the agent, sole lead arranger and sole bookrunner under the Senior Credit Agreement defined below (together with its permitted successors and assigns in such capacity, including in such capacity under any Permitted Refinancing Debt (as hereinafter defined), the "***Senior Agent***").

RECITALS

A. The Borrower, the other Loan Parties (as defined below) party thereto, the Lenders (as defined in the Senior Credit Agreement) and the Senior Agent have entered into a Credit Agreement of even date herewith (as the same may be amended, amended and restated, supplemented, or otherwise modified from time to time, the ***"Senior Credit Agreement",*** with capitalized terms used herein and not otherwise defined having the meanings provided in the Senior Credit Agreement), pursuant to which, among other things, the Senior Lenders (as hereinafter defined) have agreed, subject to the terms and conditions set forth in the Senior Credit Agreement, to make loans and financial accommodations to the Loan Parties. All of the Loan Parties' Obligations (as defined in the Senior Credit Agreement) are secured by liens on and security interests in all of the now existing and hereafter acquired real and personal property of the Loan Parties (the ***"Collateral")*** pursuant to the Senior Debt Documents.

B. The Borrower and the other Loan Parties party thereto have executed a certain Non-Negotiable Subordinated Secured Promissory Note in favor of the Junior Lender (as the same may be amended, amended and restated supplemented or otherwise modified from time to time as permitted hereunder, the ***"Subordinated Note").*** All of the Loan Parties' obligations under the Subordinated Note are secured by liens on and security interests in the Collateral pursuant to the Subordinated Debt Documents (as hereinafter defined), which liens, as of the date hereof, are second in priority only to liens in favor of the Senior Agent on the terms set forth herein.

C. As an inducement to and as one of the conditions precedent to the agreement of the Senior Agent and the Senior Lenders to consummate the transactions contemplated by the Senior Credit Agreement, the Senior Agent and the Senior Lenders have required the execution and delivery of this Agreement by the Junior Lender and the Loan Parties in order to set forth the relative rights and priorities of the Senior Lenders and the Senior Agent under the Senior Debt Documents (as hereinafter defined) and the Junior Lender under the Subordinated Debt Documents (as hereinafter defined).

NOW, THEREFORE, in order to induce the Senior Agent and the Senior Lenders to consummate the transactions contemplated by the Senior Credit Agreement and in order to induce the Junior Lender to consummate the transactions contemplated by the Subordinated Debt

Documents, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

1. **Definitions. The following terms shall have the following meanings in this Agreement:**

"Bankruptcy Code" means Title 11 of the United States Code, as amended from time to time and any successor statute and all rules and regulations promulgated thereunder.

"Borrower" has the meanings set forth in the Preamble. ***"Collateral"*** has the meaning set forth in the Recitals.

"Comparable Subordinated Debt Document" means, in relation to any Senior Debt Document, that Subordinated Debt Document (i) that creates a security interest in the same Collateral, granted by the same Loan Party or other obligor, as applicable, or (ii) that relates to comparable obligations owing by the Loan Parties or other obligor to the Junior Lender.

"Distribution" means, with respect to any indebtedness, ownership interest, or other obligations, (a) any payment, transfer or disposition of, or distribution by any Person of cash, securities or other property, by set-off or otherwise, on account of such indebtedness, ownership interest, or other obligations, (b) any redemption, purchase or other acquisition of such indebtedness, ownership interest, or other obligations by any Person, including without limitation, upon the exercise of any rights with respect of such indebtedness, ownership interest or obligation or (c) the granting of any Lien or security interest to or for the benefit of the holders of such indebtedness, ownership interest, or other obligations, in or upon any property of any Person.

"Documents" means the Senior Debt Documents and the Subordinated Debt Documents, collectively.

"Enforcement Action" means (a) except as permitted under this Agreement, to take from or for the account of the Borrower, any other Loan Party or any guarantor of the Subordinated Debt and Senior Debt, by set-off or in any other manner, the whole or any part of any moneys or other property which may now or hereafter be owing by the Borrower, such other Loan Party or any such guarantor with respect to the Subordinated Debt or Senior Debt, (b) to sue for payment of, or to initiate, continue or participate with others in any suit, action or proceeding against the Borrower, any other Loan Party, any of the Collateral or any such guarantor to (i) enforce payment of or to collect the whole or any part of the Subordinated Debt or Senior Debt or (ii) commence or continue judicial enforcement of any of the rights and remedies under the Subordinated Debt Documents, Senior Debt Documents or applicable law with respect to the Subordinated Debt or Senior Debt, (c) to exercise any put option or to cause the Borrower, any other Loan Party, or any such guarantor to honor any redemption or mandatory prepayment obligation under any Subordinated Debt Document or Senior Debt Document, (d) to notify account debtors or directly collect accounts receivable or other payment rights of the Borrower, any other Loan Party, or any such guarantor, (e) to deliver or cause to be delivered any notice, claim or demand relating to the Collateral to any Person in the possession or control of any Collateral or acting as bailee, custodian or agent for any holder of a Lien or security interest in respect of any Collateral, (f) to take or cause to be taken any

action to retain, or direct or cause a Loan Party to retain, a restructuring officer, crisis manager or similar Person in respect of a Loan Party, or (g) take any action (or permit or direct an action be taken) under the provisions of any state or federal law, including, without limitation, the Uniform Commercial Code, or under any contract or agreement, to enforce, foreclose upon, take possession or control of or sell, dispose or otherwise realize upon any property or assets of the Borrower, any other Loan Party, the Collateral or any such guarantor.

"indefeasible payment in full" "indefeasibly paid in full" or any variant thereof, whether or not capitalized, when used as a condition to Junior Lender's ability to accept or enforce performance from the Borrower, any other Loan Party or any guarantor, shall not be interpreted to require that the Junior Lender, as applicable, refrain from receiving or enforcing performance after the Senior Lenders have received payments in cash (or another form which the Senior Agent has indicated in writing is acceptable) in the full amount of the Senior Debt (including any increase in the Senior Debt arising from a Permitted Senior Debt Increase), but shall be regarded as only a reiteration that, should such payments to the Senior Lenders thereafter be avoided, this Agreement shall be reinstated with retroactive effect as provided in Sections 2.2(f) and 17 hereof.

" *Junior Lender"* has the meaning set forth in the Preamble.

"Lien" means any lien, security interest, pledge, bailment, mortgage, hypothecation, deed of trust, conditional sales and title retention agreement (including any lease in the nature thereof), charge, encumbrance or other similar arrangement or interest in real or personal property, now owned or hereafter acquired, whether such interest is based on common law, statute or contract.

"Loan Parties" means, collectively, the Borrower, each other Affiliate of Borrower that is party to the Senior Debt Documents or the Subordinated Debt Documents, or is otherwise liable for any of the Senior Debt or the Subordinated Debt or any of whose property is pledged as security for the Senior Debt or the Subordinated Debt, and their respective successors and assigns.

"Permitted DIP Financing" has the meaning set forth in Section 2.2(g).

"Permitted Refinancing" means any refinancing of the Senior Debt under the Senior Loan Documents, provided, that (i) the financing documentation entered into by the Loan Parties in connection with such Permitted Refinancing constitute Permitted Refinancing Senior Debt Documents and (ii) the maximum amount of the Senior Debt under then in effect at the time of such refinancing is not increased as a result thereof.

"Permitted Refinancing Senior Debt Documents" means any financing documentation which replaces the Senior Loan Documents (or any Permitted Refinancing Senior Debt Documents) and pursuant to which the Senior Debt under the Senior Loan Documents is refinanced, as such financing documentation may be amended, supplemented or otherwise modified from time to time in compliance with this Agreement.

"Permitted Senior Debt Increase" means one or more increases of the Senior Debt via additional term loan advance(s) in connection with the Senior Debt Documents, subject in each case to the following conditions: (i) such increases shall not exceed $10,000,000 in the aggregate

without the prior written approval of Junior Lender, (ii) each such increase in, and additional term loan advance of, the Senior Debt is approved by all existing Senior Lenders, (iii) no Senior Default or Subordinated Debt Default has occurred and is continuing as of the date of such increase and (iv) as of the date of such increase, Senior Agent shall not have delivered a Senior Default Notice to Junior Lender in connection with any blockage of Permitted Subordinated Debt Payments pursuant to Section 2.3(a) hereof.

"Permitted Non-Blockable Subordinated Debt Payments" means reimbursement, indemnity and reasonable expenses (including without limitation, reasonable attorneys' fees, costs and expenses) paid in accordance with the Subordinated Debt Documents in an amount not to exceed $100,000 in any three hundred sixty (360) consecutive day period.

"Permitted Subordinated Debt Payments" means, so long as no Senior Default has occurred and is continuing or would result therefrom, (a) regularly scheduled payments of principal and interest, if any, in accordance with the Subordinated Note and (b) reimbursement of reasonable out-of-pocket costs and expenses in accordance with the terms of the Subordinated Debt Documents, in each case as and when due on a non-accelerated basis.

"Person" means any natural person, corporation, general or limited partnership, limited liability company, firm, trust, association, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity.

"Proceeding" means any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the liquidation, dissolution or other winding up of a Person.

"Reorganization Securities" means any debt or equity securities of a Loan Party that are distributed to the Junior Lender, in respect of Subordinated Debt owing to it pursuant to a confirmed plan of reorganization or adjustment that are subordinated to the Senior Debt to at least the same extent as the Subordinated Debt is subordinated to the Senior Debt hereunder pursuant to written documentation reasonably acceptable to Senior Agent.

"Secured Creditors" means the Senior Lenders and the Junior Lender, collectively.

"Senior Agent" has the meaning set forth in the Preamble.

"Senior Credit Agreement" has the meaning set forth in the Recitals.

"Senior Debt" means all Obligations (as defined in the Senior Credit Agreement), liabilities and indebtedness of every nature of the Loan Parties from time to time owed to the Senior Lenders and/or the Senior Agent under the Senior Debt Documents, including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest (including, without limitation, post-petition interest and interest accrued at the Default Rate (as defined in the Senior Credit Agreement)) and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and from time to time hereafter owing, due or

payable, whether before or after the filing of a Proceeding under the Bankruptcy Code together with (a) any amendments, modifications, renewals or extensions thereof to the extent not prohibited by the terms of this Agreement and (b) any interest accruing thereon, and fees and expenses incurred, after the commencement of a Proceeding, without regard to whether or not such interest, fees and expenses are an allowed claim; *provided, however,* that in no event shall the principal amount of the Senior Debt exceed the sum of (i) $20,000,000, *plus* (ii) the amount funded by Senior Lenders (if any) in connection with a Permitted Senior Debt Increase, *plus* (iii) the aggregate amount outstanding of any protective advances made at any time by the Senior Lenders in accordance with the terms of the Senior Credit Agreement, *plus* (iv) in connection with any Permitted DIP Financing, up to an additional 10% of the then outstanding principal balance of the Senior Debt as of the date of the filing of any Proceeding, *less* the aggregate amount of all principal payments made on the term loan obligations under the Senior Credit Agreement, provided, that Senior Debt shall not include: (x) any increase in the principal amount of the Senior Debt after giving effect to the initial term loan made at the closing on the Senior Debt Documents which does not constitute a Permitted Senior Debt Increase and (y) default interest (but not any other interest), exit fees or prepayment fees or other loan fees each arising from a Senior Default, that are disallowed in any Proceeding with respect to the Borrower or any Loan Party. For all purposes hereunder, the Senior Debt shall also include all indebtedness, obligations and liabilities of any Loan Party to repay any amounts previously paid by any such Loan Party pursuant to the Senior Debt Documents, which amounts have been returned to the Loan Party, to the Loan Party's bankruptcy estate, to a trust or similar structure established under a plan of reorganization or liquidation of the Loan Party or to a trustee or similar Person by any Senior Lender pursuant to Sections 542, 544, 545, 547, 548, 549, 550, 553 and 724(a) of the Bankruptcy Code or otherwise under other applicable legislation.

"Senior Debt Documents" means the Senior Credit Agreement, the Senior Loan Documents and, after the consummation of any Permitted Refinancing, the Permitted Refinancing Senior Debt Documents.

"Senior Default" means a "Default" or "Event of Default" as defined in the Senior Credit Agreement, or any condition or event that, after notice or lapse of time or both, would constitute such an Default or Event of Default (if that condition or event were not cured or removed within any applicable grace or cure period set forth therein).

"Senior Default Notice" means a written notice from the Senior Agent to the Junior Lender pursuant to which the Junior Lender is notified of the occurrence of a Senior Default, which notice incorporates a reasonably detailed description of such Senior Default.

"Senior Lenders" means the Lenders under the Senior Loan Documents and any other holder of Senior Debt.

"Senior Loan Documents" means the Senior Credit Agreement, the Loan Documents (as defined therein) and all other agreements, documents and instruments executed from time to time in connection therewith, as the same may be amended, supplemented or otherwise modified from time to time.

"Standstill Period" has the meaning set forth in Section 2.4(a).

"Subordinated Debt" means all obligations, liabilities and indebtedness of every nature of the Loan Parties from time to time owed to the Junior Lender under the Subordinated Debt Documents, including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and from time to time hereafter owing, due or payable, whether before or after the filing of a Proceeding under the Bankruptcy Code together with (a) any amendments, modifications, renewals or extensions thereof to the extent not prohibited by the terms of this Agreement and (b) any interest accruing thereon, and fees and expenses incurred, after the commencement of a Proceeding, without regard to whether or not such interest, fees and expenses are an allowed claim.

"Subordinated Debt Default" means any "Event of Default" under Section 9 of the Subordinated Note, or any condition or event that, after notice or lapse of time or both, would constitute such an event of default (if that condition or event were not cured or removed within any applicable grace or cure period set forth therein).

"Subordinated Debt Default Notice" means a written notice from the Junior Lender or the Borrower to the Senior Agent pursuant to which the Senior Agent is notified of the occurrence of a Subordinated Debt Default, which notice incorporates a reasonably detailed description of such Subordinated Debt Default.

"Subordinated Debt Documents" means the Subordinated Note, that certain IP Security Agreement executed by Loan Parties in favor of Junior Lender, that certain Guarantee and Collateral Agreement executed by Loan Parties in favor of Junior Lender and all other agreements, documents and instruments executed from time to time in connection therewith, as the same may be amended, supplemented or otherwise modified from time to time as permitted hereunder.

"Subordinated Note" has the meaning set forth in the Recitals.

"Uniform Commercial Code" or "UCC" means the Uniform Commercial Code, as in effect from time to time in any applicable jurisdiction.

2. **Subordination**

2.1. **Subordination of Subordinated Debt to Senior Debt .** Each Loan Party covenants and agrees, and the Junior Lender likewise covenants and agrees, notwithstanding anything to the contrary contained in any of the Subordinated Debt Documents or as a matter of law, that in or outside of a Proceeding the payment of any and all of the Subordinated Debt shall be and is hereby expressly made subordinate and subject in right and time of payment, to the extent and in the manner hereinafter set forth, to the prior indefeasible payment in full in cash (or another form which the Senior Agent has indicated in writing is acceptable) of all Senior Debt. Each holder of Senior Debt, whether now outstanding or hereafter created, incurred, assumed or guaranteed, shall be deemed to have acquired Senior Debt in reliance upon the provisions contained in this Agreement.

2.2. **Liquidation, Dissolution, Bankruptcy.** In the event of any Proceeding

involving the Borrower or any other Loan Party or any of their respective property or assets:

(a) All Senior Debt shall first be indefeasibly paid in full in cash (or another form which the Senior Agent has indicated in writing is acceptable) before any Distribution, whether in cash, securities or other property (other than Reorganization Securities), shall be made to the Junior Lender or any Junior Lender on account of any Subordinated Debt.

(b) Any Distribution, whether in cash, securities or other property (other than Reorganization Securities) which would otherwise, but for the terms hereof, be payable or deliverable in respect of any Subordinated Debt shall be paid or delivered directly to the Senior Agent (to be held and/or applied by the Senior Agent in accordance with the terms of the Senior Debt Documents) until all Senior Debt is indefeasibly paid in full in cash (or another form which the Senior Agent has indicated in writing is acceptable). The Junior Lender, irrevocably authorizes, empowers and directs any debtor, debtor in possession, receiver, trustee, liquidator, custodian, conservator, or other Person having authority, to pay or otherwise deliver (or cause the same) all such Distributions to the Senior Agent (other than any Distribution constituting a Permitted Subordinated Debt Payment that was received by the Junior Lender at a time when such payment was permitted by the terms of this Agreement which was prior to the commencement of the applicable Proceeding) until all Senior Debt is indefeasibly paid in full in cash (or another form acceptable to the Senior Agent in writing), and thereafter, to pay or otherwise deliver them to the Junior Lender. The Junior Lender also irrevocably authorizes and empowers the Senior Agent, in the name of Junior Lender, to demand, sue for, collect and receive any and all such Distributions.

(c) The Junior Lender agrees not to initiate, prosecute, or participate in (or directly or indirectly cause or support any other Person to do the same) any claim, action, or other proceeding challenging the enforceability, validity, perfection, or priority of the Senior Debt, or any Liens and security interests securing the Senior Debt. The Senior Agent agrees not to initiate, prosecute, or participate in (or directly or indirectly cause or support any other Person to do the same) any claim, action, or other proceeding challenging the enforceability, validity, perfection, or priority of the Subordinated Debt, or any Liens and security interests securing the Subordinated Debt, to the extent such Liens and security interests are expressly permitted hereunder.

(d) Following the indefeasible payment in full in cash (or another form which the Senior Agent has indicated in writing is acceptable) of the Senior Debt, any Distribution which may be payable to or deliverable in respect of the Subordinated Debt shall be paid to the Junior Lender for application in satisfaction of the Subordinated Debt until such time as all the Subordinated Debt shall have been paid in full in cash.

(e) The Junior Lender hereby irrevocably authorizes, empowers and appoints the Senior Agent its agent and attorney-in-fact to (i) prepare, execute, verify, deliver, and file commercially reasonable proofs of claim in respect of the Subordinated Debt upon the failure of the Junior Lender promptly to do so prior to 15 Business Days before the expiration of the time to file any such proof of claim and (ii) vote such claim in any such Proceeding upon the failure of the Junior Lender to do so prior to 10 Business Days before the expiration of the time to vote any such claim; provided, the Senior Agent shall have no obligation or duty to prepare, execute, verify, deliver, file, and/or vote any such proof of claim (and its action or inaction shall not give rise to any

claims or liability against the Senior Agent or any Senior Lender under this Agreement or otherwise). In the event that the Senior Agent votes any claim in accordance with the authority granted hereby, the Junior Lender shall not be entitled to change or withdraw such vote.

(f) The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of the Senior Agent, the Senior Lenders and the Junior Lender, in or outside of a Proceeding, even if all or part of the Senior Debt, or any payments or proceeds thereof or of the Collateral, or the Liens or security interests securing the Senior Debt are subordinated, set aside, avoided, invalidated or disallowed in connection with any such Proceeding or otherwise, and this Agreement shall be reinstated if at any time any payment of any of the Senior Debt or proceeds of Collateral thereof is rescinded, avoided, subordinated, invalidated or must otherwise be returned or set aside (including, without limitation, by settlement of any claim for such avoidance or recission or similar recovery) by any holder of Senior Debt or any representative of such holder.

(g) So long as any Senior Debt has not been indefeasibly paid in full in cash (or another form which the Senior Agent has indicated in writing is acceptable), without the express prior written consent of the Senior Agent, Junior Lender shall not (and shall not support any other Person in order to) (i) with respect to any rights under any Subordinated Debt Document, seek in respect of any part of the Collateral or proceeds thereof or any Lien which may exist thereon, any relief from or modification of the automatic stay as provided in Section 362 of the Bankruptcy Code or, seek or accept any form of adequate protection under either or both Sections 362 and 363 of the Bankruptcy Code with respect thereto; (ii) oppose or object to Senior Agent and/or any Senior Lender obtaining a Lien or grant of administrative claim in connection with a grant of adequate protection, use of cash collateral or post-petition financing under Sections 362, 363 or 364 of the Bankruptcy Code; (iii) oppose or object to the use of cash collateral by any Loan Party that is supported by the Senior Agent; (iv) oppose or object to any post-petition financing (including without limitation any debtor-in-possession financing) provided by Senior Agent and/or any of the Senior Lenders or provided by a third party pursuant to Section 364 of the Bankruptcy Code (including without limitation on a priming basis) on terms acceptable to Senior Agent provided that the aggregate amount of such DIP Financing provided by the Senior Lenders and any cash collateral use shall not exceed 110% of the then outstanding principal balance of the Senior Debt as of the date of filing of the Proceeding (***"Permitted DIP Financing"***), (v) oppose or object to or withhold consent from the disposition of assets by any Loan Party under Section 363 of the Bankruptcy Code that is supported by the Senior Agent so long as (x) the Liens of the Junior Lender attach to the proceeds of such disposition in the order and priority set forth herein, (y) the proceeds of such disposition shall be applied to the Senior Debt in accordance with Section 2.7 and (z) the application of such proceeds to the principal portion of the Senior Debt shall result in a permanent reduction of the Senior Debt, in the amount of such proceeds so applied; (vi) make an election pursuant to Section 1111(b) of the Bankruptcy Code; (vii) oppose or object to the determination of the extent of any Liens held by any of the Senior Agent and/or the Senior Lenders; (viii) oppose or object to the payment of interest and expenses of the Senior Agent and/or the Senior Lenders as provided under Sections 363 or 506(b) and (c) of the Bankruptcy Code; (ix) assert or enforce, at any time when any Senior Debt exists, any claim under Section 506(c) of the Bankruptcy Code senior to or on a parity with the Senior Debt for costs or expenses of preserving or disposing of any Collateral;

(x) serve as a formal plan proponent of any plan of reorganization or liquidation or similar dispositive restructuring plan that (A) does not expressly provide for the indefeasible payment in full in cash of the Senior Debt concurrently with the confirmation of such plan or (B) impairs in any way the rights and remedies of the Senior Agent or any Senior Lender under the Senior Debt Documents or under this Agreement, provided that nothing herein shall prohibit Junior Lender from voting for a plan that does not meet the conditions of (A) and (B) herein so long as such plan is otherwise consistent with the priorities and preferences (and Junior Lender's obligations) as set forth in this Agreement; or (x) object to, contest or oppose in any manner the exercise by the Senior Agent or any Senior Lender of the right (or amount) to "credit bid" the Senior Debt pursuant to Section 363(k) of the Bankruptcy Code or other applicable law in any Proceeding (it being understood that nothing in this Agreement shall be deemed to prohibit the Junior Lender or any Junior Lender from "credit bidding" the Subordinated Debt pursuant to Section 363(k) of the Bankruptcy Code or other applicable law in any Proceeding, so long as the aggregate amount of any bid by the Junior Lender or the Junior Lender includes a cash payment sufficient for the indefeasible payment in full of the Senior Debt). Notwithstanding the foregoing, in connection with any Proceeding, the Junior Lender may seek or request adequate protection replacement Liens in respect of the Collateral but only if the Senior Lenders are granted adequate protection Liens, and then such adequate protection Liens granted in favor of the Junior Lender may be granted only in the same Collateral as the Senior Lenders' adequate protection Lien is granted, and such Lien granted to the Junior Lender shall be subordinated to the Liens securing the Senior Debt (and any cash collateral usage or DIP Financing (as defined below)) on the same basis as the Liens securing the Subordinated Debt are subordinated to the Liens securing the Senior Debt hereunder. If and to the extent any such additional or replacement Liens are insufficient to provide adequate protection of the interests of the Junior Lender, any claim of the Junior Lender under Section 507(b) of the Bankruptcy Code shall be subordinate in right of payment to any claim of the Senior Agent and Senior Lenders consistent with this Agreement. In addition, the Junior Lender may seek adequate protection with respect to its rights in the Collateral in the form of cash payments solely with respect to interest on the Subordinated Debt, but only if the Senior Lenders are granted adequate protection in the form of cash payments with respect to interest on the Senior Debt. If the Junior Lender receives post-petition interest and/or adequate protection payments in any Proceeding and the Senior Lenders do not receive indefeasible payment in full in cash (or another form which the Senior Agent has indicated in writing is acceptable) of all Senior Debt upon the effectiveness of any plan of reorganization or liquidation for, or conclusion of, the Proceeding, then the Junior Lender shall segregate and pay over to the Senior Lenders the amount of adequate protection payments and/or post-petition interest received up to the amount of the shortfall in payment in full of the Senior Debt. Notwithstanding the foregoing, the Senior Lenders shall not be deemed to have consented to, and expressly retain their right to object to, the grant of adequate protection in the form of cash payments to the Junior Lender.

2.3. **Subordinated Debt Payment Restrictions.**

(a) Notwithstanding the terms of the Subordinated Debt Documents, each Loan Party hereby agrees that it may not make, and the Junior Lender hereby agrees that it will not demand or accept and it will not permit any Junior Lender to demand or accept, any Distribution on account of any Subordinated Debt until the Senior Debt is indefeasibly paid in full

in cash (or another form which the Senior Agent has indicated in writing is acceptable), in each case other than Permitted Subordinated Debt Payments. Notwithstanding the forgoing, each Loan Party and the Junior Lender further agree that, subject to the limitations set forth in Section 2.3(d) below, no Permitted Subordinated Debt Payment may be made by any Loan Party or accepted by the Junior Lender or any Junior Lender if, at the time of such payment, the Junior Lender shall have received a Senior Default Notice from the Senior Agent stating that one or more Senior Defaults identified in the applicable Senior Default Notice exist or would be created by the making of such payment, unless and until (A) Junior Lender has received written notice from Senior Agent that each such Senior Default has been cured or waived, (B) the payment of the Senior Debt in full in cash (or another form which the Senior Agent has indicated in writing is acceptable), or (C) 180 days shall have elapsed since the date such Senior Default Notice was received by the Junior Lender; *provided, however,* that notwithstanding anything to the contrary set forth herein (including the receipt by the Junior Lender of a Senior Default Notice), the Junior Lender may take and Borrower may make Permitted Non-Blockable Subordinated Debt Payments at any time.

(b) The Loan Parties shall resume making Permitted Subordinated Debt Payments in respect of the Subordinated Debt (including payments that were blocked pursuant to Section 2.3(a) above) only upon the earlier to occur of (A) the cure or waiver of all such Senior Defaults identified in the applicable Senior Default Notice, and receipt by Junior Lender of written notice from Senior Agent of such cure or waiver, (B) the payment of the Senior Debt in full in cash (or another form which the Senior Agent has indicated in writing is acceptable) and the irrevocable termination in writing of all commitments to lend or otherwise extend credit under the Senior Debt Documents, or (C) the expiration of such 180 day period described in Section 2.3(a) above).

(c) No Senior Default shall be deemed to have been cured or waived for purposes of this Section 2.3 unless and until each of the Borrower and the Junior Lender shall have received a written confirmation thereof from the Senior Agent. The Senior Agent shall promptly deliver a written notice to the Junior Lender after waiver or cure of any Senior Default.

(d) Notwithstanding any provision of this Section 2.3 to the contrary:

(i) solely for purposes of Section 2.3(a) the Senior Agent may deliver a Senior Default Notice not more than two (2) times during the term of the Senior Credit Agreement, and at least ninety (90) days must pass between any such Senior Default Notices delivered pursuant to Section 2.3(a) (i.e. Senior Agent shall not have the right to block any three (3) consecutive quarterly payments under the Subordinated Note pursuant to its rights under Section 2.3(aV);

(ii) the failure of any Loan Party to make any Distribution with respect to the Subordinated Debt by reason of the operation of this Section 2.3 shall not be construed as preventing the occurrence of a Subordinated Debt Default under the applicable Subordinated Debt Documents; and

(iii) the provisions of this Section 2.3 shall not apply at any time at which Section 2.2 would be applicable.

2.4. **Subordinated Debt Permanent Standstill.**

(a) Until the Senior Debt is indefeasibly paid in full in cash (or another form which the Senior Agent has indicated in writing is acceptable), the Junior Lender, on behalf of itself and the Subordinated Creditors, shall not, without the prior written consent of the Senior Agent, take any Enforcement Action with respect to the Subordinated Debt until the passage of 180 days from the date of receipt by the Senior Agent of a Subordinated Debt Default Notice (the ***"Standstill Period"***), provided that solely with respect to any Enforcement Action that relates to the Collateral, the Junior Lender shall not commence such Enforcement Action until 45 days after the Senior Agent's receipt of written notice of Subordinated Creditor's intention to take any such Enforcement Action after expiration of the Standstill Period (which written notice may be issued during the Standstill Period), if any Subordinated Debt Default described therein shall not have been cured or waived within such period; provided, further that notwithstanding anything herein to the contrary, in no event shall Subordinated Creditor take any Enforcement Action with respect to the Collateral if, notwithstanding the expiration of the Standstill Period, the Senior Agent or the Senior Lenders shall have commenced and are diligently pursuing Enforcement Action with respect to all or substantially all of the Collateral (prompt notice of such exercise to be given to the Subordinated Creditor by Senior Agent).

(b) Notwithstanding the foregoing, inside or outside of a Proceeding, the Junior Lender may (i) declare a default or event of default under the Subordinated Debt Documents and declare or join in the declaration of the Subordinated Debt to be due and payable or otherwise accelerate the maturity of the principal of the Subordinated Debt, accrued interest thereon, prepayment premium or other amounts due thereunder; (ii) file a claim or statement of interest with respect to the Subordinated Debt; (iii) take any action (not adverse to the priority, status, extent or enforceability of the Liens on the Collateral securing the Senior Debt, or the rights of any Senior Agent or the Senior Lenders to exercise remedies in respect thereof) in order to create, perfect, preserve or protect its Lien on the Collateral; (iv) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of the Junior Lender, including any claims secured by the Collateral, if any, in each case, in accordance with the terms of this Agreement; (v) subject to the rights of the Senior Agent under Section 2.2, vote on any plan of reorganization, file any proof of claim, make other filings and make any arguments and motions that are, in each case, in accordance with applicable law and the terms of this Agreement (including, without limitation, Section 2.2); (vi) unless objected to by Senior Agent and subject to Section 2.2, exercise any of its rights or remedies with respect to the Collateral during a Proceeding; and (vii) subject to Section 2.2, file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Loan Parties arising under any Proceeding, the Bankruptcy Code or applicable non-bankruptcy law, so long as such actions are not adverse to and would not conflict with this Agreement; provided that in the event that any Junior Lender becomes a judgment Lien creditor in respect of Collateral as a result of its enforcement of its rights as an unsecured creditor with respect to the Subordinated Debt, such judgment Lien shall be subject to the terms of this Agreement for all purposes (including without limitation in relation to the Senior Debt) as the other Liens securing the Subordinated Debt are subject to this Agreement.

(c) If Junior Lender shall receive any Distribution on account of the Subordinated Debt in connection with any Enforcement Action exercised in accordance with this Section 2.4 or otherwise, Junior Lender shall segregate and hold such payment in trust for the benefit of the Senior Agent and the Senior Lenders and promptly pay it over to Senior Agent for application (in accordance with the Senior Debt Documents) to the payment of the Senior Debt then remaining unpaid, until all of the Senior Debt is indefeasibly paid in full in cash (or another form acceptable to the Senior Agent in writing).

2.5. **Incorrect Payments**. Both in and outside of a Proceeding, and until the Senior Debt has been indefeasibly paid in full in cash (or another form which the Senior Agent has indicated in writing is acceptable), if any Collateral or proceeds thereof or Distribution on account of the Subordinated Debt not permitted to be made by the Borrower or any Loan Party or accepted by the Junior Lender or any Junior Lender under this Agreement is received by the Junior Lender or any Junior Lender, such Collateral or proceeds thereof and/or Distribution shall be segregated and deemed to be held in trust by the Junior Lender for the benefit of the Senior Agent and the Senior Lenders, and shall be promptly paid over to the Senior Agent for application (in accordance with the Senior Debt Documents) to the payment of the Senior Debt then remaining unpaid, until all of the Senior Debt is indefeasibly paid in full in cash (or another form which to the Senior Agent has indicated in writing is acceptable) and all commitments to lend or otherwise extend credit under the Senior Debt Documents have irrevocably terminated in writing.

2.6. **Subordination of Liens and Security Interests .** Notwithstanding the date, manner or order of grant, attachment or perfection of any Liens and security interests of Junior Lender in the Collateral, until the Senior Debt has been indefeasibly paid in full in cash, any Liens and security interests of the Junior Lender in the Collateral which may exist from time to time (whether the same exist in breach of this Agreement or otherwise) shall be and hereby are subordinated for all purposes and in all respects to the Liens and security interests of the Senior Agent and the Senior Lenders in the Collateral, regardless of the time, manner, perfection or order of perfection of any such Liens and security interests. The Junior Lender, on behalf of itself and the Junior Creditors, agrees that it will not, and will not cause or support any other Person to, at any time contest, seek to avoid or subordinate the validity, perfection, priority, extent or enforceability of the Senior Debt, the Senior Debt Documents, this Agreement or any Liens and security interests of the Senior Agent and the Senior Lenders in the Collateral securing the Senior Debt. The Junior Lender agrees that it will not acquire any Lien on or security interest in any property or asset unless the Senior Agent, for the benefit of the Senior Lenders, has a senior, valid, perfected and enforceable Lien on and security interest in such property or asset pursuant to the Senior Loan Documents. Subject to compliance with the terms of this Agreement, the Senior Agent, on behalf of itself and the Senior Lenders, agrees that it will not, and will not cause or support any other Person to, at any time contest, or seek to avoid the validity, perfection, priority, extent or enforceability of the Subordinated Debt, the Subordinated Debt Documents, this Agreement or any Liens and security interests of the Junior Lender in the Collateral securing the Subordinated Debt permitted hereunder. The Senior Agent agrees that it will not acquire any Lien on or security interest in any property or asset unless the Junior Lender is permitted to obtain valid, perfected and enforceable Lien on and security interest in such property or asset pursuant to the Subordinated Debt Documents, and is also expressly permitted, pursuant to this Agreement, to obtain a Lien on

and security interest in such property or asset, subordinate only to the Liens of the Senior Agent pursuant to the Senior Debt Documents.

2.7. **Application of Proceeds from Sale or other Disposition of the Collateral** . Subject to Section 2.2(g) and Section 2.11 , in the event of any sale, transfer or other disposition (including without limitation a casualty loss, taking through eminent domain or otherwise) of the Collateral, the proceeds resulting therefrom (including without limitation insurance proceeds) shall be applied in accordance with the terms of the Senior Debt Documents or as otherwise consented to by the Senior Agent and Required Lenders (as defined in the Senior Credit Agreement) until such time as the Senior Debt is indefeasibly paid in full in cash; provided (A) the Liens of the Junior Lender attach to the proceeds of such disposition, and (B) any such proceeds received after any Enforcement Action by Senior Agent are applied first, in permanent reduction of the Senior Debt, and, following the indefeasible payment in full of the Senior Debt, to the Subordinated Debt.

2.8. **Sale, Transfer or other Disposition of Subordinated Debt**

(a) The Junior Lender shall not sell, assign, pledge, dispose of or otherwise transfer all or any portion of the Subordinated Debt or any Subordinated Debt Document unless, prior to the consummation of any such action, the transferee thereof shall execute and deliver to the Senior Agent a joinder agreement substantially similar to the agreement attached hereto as Exhibit A, providing for the continued subordination of the Subordinated Debt to the Senior Debt as provided herein and for the continued effectiveness of all of the rights of the Senior Agent and the Senior Lenders arising under this Agreement.

(b) Notwithstanding the failure of any transferee to execute or deliver an agreement substantially identical to this Agreement, the subordination effected hereby shall survive any sale, assignment, pledge, disposition or other transfer of all or any portion of the Subordinated Debt, and the terms of this Agreement shall be binding upon the successors and assigns of Junior Lender, as provided in Section 11 hereof.

2.9. **Legends**. Until the termination of this Agreement in accordance with Section 17 hereof, the Junior Lender will cause to be clearly, conspicuously and prominently inserted on the face of each agreement, document and/or instrument representing or evidencing any of the Subordinated Debt, the following legend:

> "This instrument/agreement and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination and Intercreditor Agreement (the "Subordination Agreement") dated as of October 31, 2014, by and among PDI, Inc., a Delaware Corporation (the *"Borrower"),* RedPath Equityholder Representative, LLC, a Delaware limited liability company (together with its permitted successors and assigns in such capacity, the *"Junior Lender"),* and SWK Funding LLC, a Delaware limited liability company, as the agent, sole lead arranger and sole bookrunner under the Senior Credit Agreement defined below (together with its permitted successors and assigns in such capacity, including in such capacity under any Permitted Refinancing Debt (as hereinafter defined), the *"Senior Agent),* to the indebtedness (including interest)

owed pursuant to that certain Credit Agreement dated as of October 31, 2014, among the Borrower, the lenders party thereto from time to time, and the Senior Agent, as such Credit Agreement has been and hereafter may be amended, supplemented, or otherwise modified from time to time and to indebtedness refinancing the indebtedness under that agreement as contemplated by the Subordination Agreement; and each holder of this instrument, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Subordination Agreement."

2.10. **Perfection; Delivery of Collateral; Deposit Accounts.**

(a) In the event that the Senior Agent (or any Senior Lender) takes possession of or has "control" (as such term is used in the Uniform Commercial Code as in effect in each applicable jurisdiction) over any Collateral for purposes of perfecting its Liens therein (including, without limitation, stock certificates, depository accounts and any deposit account control agreements), the Senior Agent (or such Senior Lender) shall hold such Collateral as representative and bailee for the Senior Lenders and the Junior Lender, solely for the purpose of perfecting the Liens thereon under the Uniform Commercial Code. Notwithstanding anything to the contrary contained herein, the Senior Agent (or such Senior Lender) shall not have any duty or liability to protect or preserve any rights pertaining to any of the Collateral for the Junior Lender and shall not have by reason of this Agreement a fiduciary relationship to the Junior Lender or any Junior Lender, and Junior Lender hereby waives and releases the Senior Agent (or such Senior Lender) from any and all claims and liabilities arising pursuant to its role as such representative of the Junior Lender. Promptly following the indefeasible payment in full in cash of the Senior Debt, the Senior Agent (or such Senior Lender) shall, upon the written request of the Junior Lender, (i) deliver the remainder of such Collateral, if any, in its possession to the designee of the Junior Lender (except as may otherwise be required by applicable law or court order or in connection with a Permitted Refinance) (ii) as it relates to any deposit account control agreements and/or lockbox agreements in favor of Senior Agent in relation to the Collateral, continue to serve as the secured party under such agreements for a reasonable period of time in accordance with this Section 2.10(a) until Junior Lender and the applicable loan parties enter into replacement agreements in relation to such deposit accounts and/or lockbox accounts.

(b) In the event that the Junior Lender or any Junior Lender takes possession of or has "control" (as such term is used in the Uniform Commercial Code as in effect in each applicable jurisdiction) over any Collateral for purposes of perfecting its Liens therein (including, without limitation, stock certificates or depository accounts maintained by it), the Junior Lender shall (or shall cause such Junior Lender to) hold such Collateral as representative and bailee for the Senior Agent and the Senior Lenders, solely for the purpose of perfecting the Liens thereon under the UCC. Notwithstanding anything to the contrary contained herein, the Junior Lender shall not have any duty or liability to protect or preserve any rights pertaining to any of the Collateral for the Senior Agent or any Senior Lender and shall not have by reason of this Agreement a fiduciary relationship to the Senior Agent or any Senior Lender, and the Senior Agent (or such Senior Lender) hereby waives and releases the Junior Lender from any and all claims and liabilities arising pursuant to its role as such representative of the Senior Agent or any Senior Lender. Upon receipt, the

Junior Lender shall promptly deliver all such Collateral, if any, in its possession to the Senior Agent.

(c) It is understood and agreed that this Section 2.10 is intended solely to assure continuous perfection of the Liens granted under the applicable Senior Debt Documents and Subordinated Debt Documents, and nothing in this Section 2.10 shall be deemed or construed as altering the priorities or obligations set forth elsewhere in this Agreement. The duties of each party under this Section 2.10 shall be mechanical and administrative in nature, and no party shall have, or be deemed to have, by reason of this Section 2.10 a fiduciary relationship in respect of the other party.

2.11. **Release of Collateral**. Without limiting any of the rights (including without limitation any of the foreclosure rights) of the Senior Lenders or Senior Agent under the Senior Debt Documents, or any documents delivered to secure the Obligations of the Loan Parties to Senior Lenders or Senior Agent in connection therewith or under the provisions of any applicable law, and without placing any obligation on the part of Senior Agent to follow any of the following provisions in order to retain its priority status hereunder, in the event that the Senior Lenders or Senior Agent release or discharge their security interests (or consent to the release or discharge of their security interests) in, or Liens upon, any Collateral which is subject to a Lien in favor of Junior Lender in connection with the sale or other disposition or transfer of such Collateral in accordance with the terms of the Senior Credit Agreement (as in effect as of the date of this Agreement), such Collateral shall thereupon be deemed to have been released from all such Liens in favor of the Junior Lender, if any. Junior Lender agrees that within ten (10) days following Senior Agent's and/or Borrower's written request therefor, it will execute, deliver and file any and all such termination statements, Lien releases and other agreements and instruments as Senior Agent or Borrower reasonably deems necessary or appropriate in order to give effect to the preceding sentence. Junior Lender hereby irrevocably appoints Senior Agent the true and lawful attorney of Junior Lender for the purpose of effecting any such executions, deliveries and filings. In addition, in the event Senior Agent or Senior Lenders release or discharge their security interests (or consent to the release or discharge of their security interest) in, or Lien upon, any Collateral which is subject to a Lien in favor of Junior Lender in connection with the sale or other disposition or transfer of the Collateral which is permitted under the terms of the Subordinated Debt Documents, such Collateral shall thereupon also be deemed to have been released from all such Liens in favor of the Junior Lender, if any, in accordance with terms set forth above.

2.12. **Requirement of Notice**. Junior Lender agrees to notify Senior Agent promptly upon obtaining knowledge of the happening of any of the following: (i) the occurrence of any Subordinated Debt Default or other default under any Subordinated Debt Document and (ii) the waiver by Junior Lender of any such Subordinated Debt Default or other default under any of the Subordinated Debt Documents. Senior Agent agrees to notify Junior Lender promptly upon obtaining knowledge of the happening of any of the following: (i) the occurrence of any Senior Default; and (ii) the waiver by Senior Agent of any Senior Default.

2.13. **Right to Purchase Senior Debt.**

(a) If the Senior Debt has been accelerated by the Senior Lenders, or any

Enforcement Action has been commenced by the Senior Lenders and is continuing under the Senior Debt Documents (each of the foregoing, a ***"Purchase Option Event"***), upon ten (10) Business Days prior written notice by Junior Lender to Senior Agent, which notice shall be, and shall provide that it is, irrevocable (the ***"Purchase Notice"),*** the Junior Lender shall have the right to purchase (the ***"Loan Purchase"),*** in whole but not in part, the Senior Debt as provided herein. On the date that is specified in the Purchase Notice, which shall not be less than ten (10) Business Days nor more than fifteen (15) calendar days after receipt by the Senior Agent of the Purchase Notice (the ***"Purchase Date"),*** the Junior Lender shall purchase from the Senior Lenders all of the Senior Debt for a purchase price in cash in immediately available funds equal to the Loan Purchase Price. For purposes of this Agreement, ***"Loan Purchase Price"*** shall equal the outstanding amount of the Senior Debt as of such date of determination.

(b) The Loan Purchase shall be consummated pursuant to documentation mutually acceptable to the parties and shall contain such provisions as are customary in such documents. Concurrently with payment to an account or accounts designated by the Senior Agent for the benefit of the Senior Lenders, by wire transfer of immediately available funds, of the Loan Purchase Price, the Senior Lenders shall, at the sole cost and expense of the Junior Lender, (i) deliver or cause to be delivered to Junior Lender, all Senior Debt Documents, as amended and supplemented, then held by or on behalf of Senior Lenders and (ii) execute in favor of Junior Lender or its designee, assignment documentation, in form and substance reasonably acceptable to Junior Lender and the Senior Lenders, to assign the Senior Debt, the Collateral and the rights of the Senior Lenders under the Senior Debt Documents (but without recourse and without representations or warranties of any kind by Senior Agent or any Senior Lender, except for customary representations as to authority, title, no conflict, the outstanding balance of the Senior Debt and as to Senior Lenders not having released, assigned or encumbered any rights in the Collateral or the Senior Debt Documents).

(c) Senior Agent shall notify Junior Lender in writing (each such notice, a ***"Senior Agent Notice"***) following the occurrence of each Purchase Option Event.

(d) Nothing in this Section shall affect or otherwise restrict any of the rights or remedies of the Senior Agent or any of the Senior Lenders including, without limitation, any rights to commence, continue or prosecute any Enforcement Action related to, or accelerate, the Senior Debt, provided that the Senior Agent and the Senior Lenders, to the extent they may do so without prejudice to the rights of the holders of the Senior Debt, shall suspend the prosecution of any Enforcement Action during the period following their receipt of a Purchase Notice through the Purchase Date.

3. **Modifications.**

3.1. **Modifications to Senior Debt Documents .** The Senior Lenders may at any time and from time to time without the consent of or notice to the Junior Lender, without incurring liability to the Junior Lender and without impairing or releasing the obligations of the Junior Lender under this Agreement, change the manner or place of payment or extend the time of payment of or renew or alter any of the terms of the Senior Debt, or amend in any manner any agreement, note, guaranty or other instrument evidencing or securing or otherwise relating to the Senior Debt; provided that Senior Lenders shall not (i) increase the interest rate margins, Synthetic Royalty

Payment requirements, exit fees or prepayment fees, or any other recurring, monthly, quarterly or annual fees with respect to the Senior Debt that would result in an increase in the fees and interest payable by Borrower under the Senior Debt Documents of more than five hundred (500) basis points in the aggregate (other than as a result of the imposition of interest at the Default Rate in accordance with the terms of the Senior Debt Documents as in effect as of the date of this Agreement), or (ii) shorten the final maturity or any other scheduled payment for principal, interest or any other amount in respect of the Senior Debt by more than 180 days, (iii) change any redemption or prepayment provisions of the Senior Debt, except to extend their effective dates, (iv) increase the principal amount of the Senior Debt other than pursuant to a Permitted Senior Debt Increase or as otherwise set forth in the definition of Senior Debt, (v) subordinate the Liens of the Senior Agent on the Collateral securing the Senior Debt other than in connection with the revolving loan facility described in Section 3.3 hereof, (vi) add any new financial covenant(s) or event(s) of default, or modify any existing financial covenant in a manner that would be more restrictive to Borrower than what is in place as of the date hereof by more than 10%, (vii) take any additional Liens or security interests in any assets of the Borrower, any Loan Party or any guarantor of the Senior Debt to the extent that the Subordinated Debt Documents do not provide for assets to automatically become subject to the security grant in favor of Junior Lender and/or Junior Lender otherwise gets a subordinated lien in such assets in accordance with the priorities set forth in this Agreement, (viii) otherwise prohibit the payment of the Subordinated Debt other than pursuant to the terms of this Agreement. The Borrower shall give the Junior Lender prompt written notice of all amendments, waivers or modifications to, or any new, Senior Debt Documents. Notwithstanding anything set forth in this Agreement or the Subordinated Debt Documents to the contrary, there shall be no restrictions on any voluntary prepayment of the Senior Debt by Borrower that is made in accordance with the Senior Credit Agreement.

3.2. **Modifications to Subordinated Debt Documents.** Until the Senior Debt has been indefeasibly paid in full in cash (or another form acceptable to the Senior Agent in writing), and notwithstanding anything to the contrary contained in any Subordinated Debt Documents, Junior Lender shall not, without the prior written consent of the Senior Agent, agree to any amendment, modification or supplement to the Subordinated Debt Documents the effect of which is to (a) increase the maximum principal amount of the Subordinated Debt; (b) increase the interest rate with respect to the Subordinated Debt payable upon an Subordinated Debt Default by more than three hundred (300) basis points; (c) shorten the dates upon which payments of principal on the Subordinated Debt are due; (d) make more restrictive, or add, any event of default or any covenant with respect to the Subordinated Debt; (e) change any redemption or prepayment provisions of the Subordinated Debt, except to extend their effective dates; (f) alter the subordination provisions with respect to the Subordinated Debt in any manner that would be adverse to the Senior Lenders, including, without limitation, subordinating the Subordinated Debt to any other indebtedness; (g) take any additional Liens or security interests in any assets of the Borrower, any Loan Party or any guarantor of the Subordinated Debt; or (h) change or amend any other term of the Subordinated Debt Documents if such change or amendment would result in a Senior Default, materially increase the obligations of the Borrower (taken as a whole), any Loan Party or any guarantor of the Subordinated Debt or confer additional material rights on Junior Lender or any other holder of the Subordinated Debt in a manner materially adverse to the Borrower, any Loan Party, any such guarantor or the Senior Lenders. Notwithstanding the foregoing, if the Senior Debt Documents are amended or otherwise

modified to provide for additional covenants or events of default, or to make more restrictive or onerous any existing covenants or events of default applicable to the Loan Parties, then the comparable provisions of the Comparable Subordinated Debt Documents may be similarly amended or modified to provide for such additional covenants or events of default or such more restrictive covenants or events of default, as the case may be, so long as, in each case, any cushion or step-back between the Senior Debt Documents and the Subordinated Debt Documents is maintained in connection therewith.

3.3. **Approved AR Loan Facility.** The terms and provisions of Section 10.21 of the Senior Credit Agreement in effect as of the date of this Agreement are hereby incorporated into this Agreement by reference. In the event that Senior Agent approves a revolving loan facility in accordance with the terms and provisions of such Section 10.21 of the Senior Credit Agreement, Junior Lender shall (a) be deemed to have approved such revolving loan facility so long as (i) such revolving loan facility is approved by all existing Senior Lenders, (ii) no Senior Default or Subordinated Debt Default has occurred and is continuing and (iii) Senior Agent shall not have delivered a Senior Default Notice to Junior Lender in connection with any blockage of Permitted Subordinated Debt Payments pursuant to Section 2.3(a) hereof, and (b) work together with Senior Agent and the Borrower in good faith, and at the Borrower's sole cost and expense, to negotiate and enter into such amendments to this Agreement and such Subordinated Debt Documents as may be necessary, to permit such indebtedness, to release and/or subordinate such liens as may be necessary to effectuate such revolving loan facility, and to enter into such third party documents as may be reasonably requested by Borrower and/or such revolving loan lender.

4. **Intercreditor Provisions.**

4.1. **Management of Collateral.** Subject to the other terms and conditions of this Agreement including, without limitation, the rights of the Junior Lender under Section 2.4, until the Senior Debt has been indefeasibly paid in full in cash (or another form acceptable to the Senior Agent in writing) , and both inside and outside of a Proceeding, the Senior Agent, and the Senior Lenders or any representative thereof in the manner provided in the Senior Debt Documents, shall have the exclusive right to manage, perform and enforce the terms of the Senior Debt Documents and the other Documents with respect to any Collateral, to exercise and enforce all privileges and rights thereunder and with respect thereto, according to their sole and absolute discretion and the exercise of their business judgment, including, without limitation, the exclusive right to take or retake control or possession of any Collateral and to hold, prepare for sale, process, sell, lease, foreclose upon, dispose of, collect, or liquidate any Collateral and to incur expenses in connection with any of the foregoing, including, without limitation, in connection with such sale or disposition and to exercise any and all of the rights and remedies of a secured lender under the Uniform Commercial Code of any applicable jurisdiction. In furtherance and not in limitation of the foregoing, Junior Lender waives any and all rights to direct the method of any action by any holder of Senior Debt (or any representative thereof) in connection with, and any right to object to, a strict foreclosure with respect to any Collateral, waives any and all rights of redemption and hereby consents to each holder of Senior Debt (or any representative thereof) dealing in all respects with the Collateral as if there were no Liens on the Collateral securing the Subordinated Debt; provided, however, that nothing herein shall constitute a waiver the Junior Lender's right to object to or assert

that a private or public sale conducted by the Senior Agent was commercially unreasonable. In conducting any public or private sale under the Uniform Commercial Code, the Senior Agent shall give the Junior Lender such notice of such sale as may be required by the applicable Uniform Commercial Code; provided, however, that ten (10) days' notice shall be deemed to be commercially reasonable notice.

4.2. **Permitted Actions**. Subject in all respects to the terms of this Agreement, nothing contained herein shall be construed to limit or impair in any way the right of: (a) any Secured Creditor to bid for or purchase Collateral at any private or judicial foreclosure upon such Collateral initiated by any Secured Creditor; (b) any Secured Creditor to join (but not control) any foreclosure or other judicial Lien enforcement proceeding with respect to the Collateral initiated by any other Secured Creditor for the sole purpose of protecting such Secured Creditor's Lien on the Collateral, so long as it does not delay, hinder or interfere with the exercise by the such other Secured Creditor of its rights under this Agreement, the Documents or any applicable law; and (c) the Junior Lender to receive any remaining proceeds of Collateral after the Senior Debt has been indefeasibly paid in full in cash (or another form acceptable to the Senior Agent in writing) and all commitments to lend or otherwise extend credit under the Senior Debt Documents have irrevocably terminated in writing.

4.3. **Marshaling and Similar Rights.** The Junior Lender hereby waives any rights it may have under applicable law to assert the doctrine of marshaling or to otherwise require the Senior Lenders to marshal any property of the Borrower, any other Loan Party or any guarantor of the Senior Debt for the benefit of a Junior Lender. Until the indefeasible payment in full in cash (or another form which the Senior Agent has indicated in writing is acceptable) of the Senior Debt, the Junior Lender further agrees not to demand, request, plead or otherwise claim the benefit of, any appraisement, valuation or other similar right that may otherwise be available under applicable law.

5. **Representations and Warranties**

5.1. **Representations and Warranties of Junior Lender .** The Junior Lender hereby represents and warrants to the Senior Agent that (a) it is a limited liability company duly formed and validly existing under the laws of the State of Delaware (b) it has the power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action; (c) the execution of this Agreement by the Junior Lender will not violate or conflict with the organizational documents of the Junior Lender, any material agreement binding upon the Junior Lender or any law, regulation or order or require any consent or approval which has not been obtained; (d) this Agreement is the legal, valid and binding obligation of the Junior Lender, enforceable against the Junior Lender in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by equitable principles; and (e) the Junior Lender is the sole owner, beneficially and of record, of the Subordinated Debt.

5.2. **Representations and Warranties of the Senior Agent** . The Senior Agent hereby represents and warrants to the Junior Lender that as of the date hereof: (a) it is a limited

liability company duly formed and validly existing under the laws of the State of Delaware; (b) it has the power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action; (c) the execution of this Agreement by it will not violate or conflict with its organizational documents, any material agreement binding upon it or any law, regulation or order or require any consent or approval which has not been obtained; (d) this Agreement is the legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles; and (e) the Senior Agent and the Senior Creditors are the sole owners, beneficially and of record, of the Senior Debt.

6. **Subrogation**. Subject to the indefeasible payment in full in cash of all Senior Debt, the Junior Lender shall be subrogated to the rights of the Senior Lenders to receive Distributions with respect to the Senior Debt until the Subordinated Debt is paid in full and shall not assert or be entitled to enforce any such subrogation rights. The Junior Lender agrees that in the event that all or any part of a payment made with respect to the Senior Debt is recovered from the holders of the Senior Debt in a Proceeding or otherwise, any Distribution received by the Junior Lender with respect to the Subordinated Debt at any time after the date of the payment that is so recovered, whether pursuant to the right of subrogation provided for in this Agreement or otherwise, shall be deemed to have been received by the Junior Lender in trust as property of the holders of the Senior Debt and the Junior Lender shall forthwith segregate and deliver the same to the Senior Agent for application to the Senior Debt until the Senior Debt is indefeasibly paid in full in cash (or another form which the Senior Agent has indicated in writing is acceptable). Notwithstanding any other provision of this Agreement to the contrary, a Distribution made pursuant to this Agreement to the Senior Agent which otherwise would have been made to Junior Lender is not, as between the Borrower, any other Loan Party and Junior Lender, a payment by the Borrower or such other Loan Party to or on account of the Senior Debt.

7. **Entire Agreement; Modification.** This Agreement evidences the entire agreement of the parties regarding the ordering of interests set forth herein, and all prior oral discussions and writings are merged into this Agreement. Any modification or waiver of any provision of this Agreement, or any consent to any departure by any party from the terms hereof, shall not be effective in any event unless the same is in writing and signed by the Senior Agent, the Junior Lender and the Loan Parties, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on any party hereto in any event not specifically required hereunder shall not entitle the party receiving such notice or demand to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

8. **Sharing of Information.** The Borrower and each other Loan Party irrevocably consents to the sharing among the Senior Agent, the Senior Lenders and the Junior Lender of any information they may now or hereafter have regarding the Borrower and the other Loan Parties, subject to the agreement of each of the Senior Lenders and the Junior Lender pursuant to the Senior Debt Documents and the Subordinated Debt Documents, as applicable, to maintain such information as confidential. This provision does not evidence or suggest any duty on the part of the Senior

Lenders or the Junior Lender to share such information.

9. **Further Assurances.** Each party to this Agreement will promptly execute and deliver such further instruments and agreements and do such further acts and things as may be reasonably requested in writing by any other party hereto that may be necessary or desirable in order to effect fully the purposes of this Agreement.

10. **Notices.** Unless otherwise specifically provided herein, any notice delivered under this Agreement shall be in writing addressed to the respective party as set forth below and may be personally served, telecopied or sent by overnight courier service or certified or registered United States mail and shall be deemed to have been given (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted on a business day before 12:00 p.m. (Dallas time) or, if not, on the next succeeding business day; (c) if delivered by overnight courier, one business day after delivery to such courier properly addressed; or (d) if by United States mail, four Business Days after deposit in the United States mail, postage prepaid and properly addressed.

Notices shall be addressed as follows:

If to Junior Lender:

Radnor Financial Center
555 E. Lancaster Avenue, Suite 520
Radnor, Pennsylvania 19087
Attn: Brian Murphy
Email:

with copies to (which shall not constitute notice):

Buchanan Ingersoll & Rooney, PC
301 Grant Street, 20th Floor
Pittsburgh, Pennsylvania 15219
Attn: Craig S. Heryford, Esq.
Email: craig.heryford@bipc.com

If to any Loan Party:

PDI, Inc.
Morris Corporate Center 1 & Building A
300 Interpace Parkway
Parsippany, NJ 07054
Attn: Graham Miao
Email: gmiao@pdi-inc.com

with copies to (which shall not constitute notice):

Pepper Hamilton LLP

3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
Attn: Steven J. Abrams
Email: abramss@pepperlaw.com

If to Senior Agent:

SWK Funding LLC
15770 North Dallas Parkway, Suite 1290
Dallas, Texas 75248
Attn: Winston Black
Email: notifications@swkhold.com

with copies to (which shall not constitute notice):

Holland & Knight LLP
200 Crescent Court, Suite 1600
Dallas, Texas 75201
Attn: RyanMagee
Email: ryan.magee@hklaw.com

or in any case, to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section 10.

11. **Successors and Assigns.** This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the Senior Agent, the Senior Lenders, the Junior Lender, the Borrower, and the Loan Parties. To the extent permitted under the Senior Debt Documents, Senior Agent and any Senior Lender may, from time to time, without notice to any Junior Lender, assign or transfer any or all of the Senior Debt or any interest therein to any Person and, notwithstanding any such assignment or transfer, or any subsequent assignment or transfer, the Senior Debt shall, subject to the terms hereof, be and remain Senior Debt for purposes of this Agreement, and every permitted assignee or transferee of any of the Senior Debt or of any interest therein shall, to the extent of the interest of such permitted assignee or transferee in the Senior Debt, be entitled to rely upon and be the third party beneficiary of the subordination provided under this Agreement and shall be entitled to enforce the terms and provisions hereof to the same extent as if such assignee or transferee were initially a party hereto. To the extent permitted under this Agreement, Junior Lender may, from time to time, with Senior Agent's prior written consent (such consent not to be unreasonably withheld), assign or transfer any or all of the Subordinated Debt or any interest therein and, notwithstanding any such assignment or transfer, or any subsequent assignment or transfer, the Subordinated Debt shall, subject to the terms hereof, be and remain Subordinated Debt for purposes of this Agreement, and every permitted assignee or transferee of any of the Subordinated Debt or of any interest therein shall, to the extent of the interest of such permitted assignee or transferee in the Subordinated Debt, be entitled to rely upon and be the third party beneficiary of the subordination provided under this Agreement and shall be entitled to enforce the terms and provisions hereof to the same extent as if such assignee or transferee were initially a

party hereto.

12. **Relative Rights.** This Agreement shall define the relative rights of Senior Agent and the Senior Lenders on the one hand and the Junior Lender on the other hand. Nothing in this Agreement shall (a) impair, as among the Borrower, the Loan Parties, the Senior Agent and the Senior Lenders and as between the Borrower and the Junior Lender, the obligation of the Borrower or any other Loan Party with respect to the payment of the Senior Debt and the Subordinated Debt in accordance with their respective terms or (b) affect the relative rights of the Senior Agent and Senior Lenders or the Junior Lender with respect to any other creditors of the Borrower or the other Loan Parties.

13. **Conflict.** In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of any of the Subordinated Debt Documents, the provisions of this Agreement shall control and govern.

14. **Headings.** The paragraph headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions hereof.

15. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., "pdf or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

16. **Severability.** In the event that any provision of this Agreement is deemed to be invalid, illegal or unenforceable by reason of the operation of any law or by reason of the interpretation placed thereon by any court or governmental authority, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby, and the affected provision shall be modified to the minimum extent permitted by law so as most fully to achieve the intention of this Agreement.

17. **Continuation of Subordination; Termination of Agreement .** This Agreement is a continuing agreement of subordination pursuant to its terms and in accordance with Section 510(a) of the Bankruptcy Code and shall remain in full force and effect until (i)the indefeasible payment in full in cash of the Senior Debt and (ii) the documents and instruments evidencing the Subordinated Debt have been terminated or performed, in each case in accordance with their respective terms after which this Agreement shall terminate without further action on the part of the parties hereto. The liability and obligations of Junior Lender hereunder shall be reinstated and revived, and the Senior Lenders' and Senior Agent's rights shall continue, with respect to any amount at any time paid on account of the Senior Debt which shall thereafter be required to be restored or returned by the Senior Lenders or Senior Agent in any Proceeding (including, without limitation, any repayment made pursuant to any provision of Chapter 5 of the Bankruptcy Code, or with respect to any fraudulent transfer or conveyance law), all as though such amount had not been paid. Junior Lender hereby acknowledges that the provisions of this Agreement are intended to be enforceable at all times, whether before or after the commencement of a Proceeding, and hereby waives any right it may have under applicable law to revoke this Agreement or any provisions hereof. To the extent,

after the date hereof, any Subsidiary of the Borrower is required by the terms of any Senior Loan Document or Subordinated Debt Documents to become a guarantor thereunder (a "New Subsidiary"), the Borrower shall cause each such New Subsidiary to become a party hereto pursuant to an Instrument of Adherence in substantially the form of Exhibit B attached hereto and shall cause such New Subsidiary to comply with the requirements of such Instrument of Adherence. From and after the date on which such New Subsidiary becomes a party hereto, such New Subsidiary shall be a "Loan Party" hereunder.

18. **Applicable Law**. This Agreement shall be governed by and shall be construed and enforced in accordance with the internal laws of the State of Delaware, without regard to conflicts of law principle, but giving effect to federal laws applicable to national banks.

19. **CONSENT TO JURISDICTION**. **EACH OF SENIOR AGENT, JUNIOR LENDER, THE BORROWER AND THE OTHER LOAN PARTIES HEREBY CONSENT TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF DELAWARE AND OF THE FEDERAL COURTS LOCATED IN DELAWARE AND IRREVOCABLY AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT MAYBE LITIGATED IN SUCH COURTS. EACH OF JUNIOR LENDER, THE BORROWER AND THE OTHER LOAN PARTIES EXPRESSLY SUBMIT AND CONSENT TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVE ANY DEFENSE OF FORUM NON CONVENIENS. EACH OF JUNIOR LENDER, SENIOR AGENT, THE BORROWER AND THE OTHER LOAN PARTIES HEREBY WAIVE PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREE THAT ALL SUCH SERVICE OF PROCESS MAYBE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO EACH JUNIOR LENDER, SENIOR AGENT, AND THE BORROWER AT THEIR RESPECTIVE ADDRESSES SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.**

20. **WAIVER OF JURY TRIAL** . **EACH OF JUNIOR LENDER, THE BORROWER, THE OTHER LOAN PARTIES AND SENIOR AGENT HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. EACH OF JUNIOR LENDER, THE BORROWER, THE OTHER LOAN PARTIES AND SENIOR AGENT ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE SENIOR DEBT DOCUMENTS AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH OF JUNIOR LENDER, THE BORROWER, THE OTHER LOAN PARTIES AND SENIOR AGENT WARRANTS AND REPRESENTS THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.**

21. **NO ORAL AGREEMENTS**. **THIS AGREEMENT AND THE OTHER LOAN**

DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.

[*The Remainder of this Page Intentionally Left Blank*]

(Signature Page to Subordination and Intercreditor Agreement)

IN WITNESS WHEREOF, the Junior Lender, the Borrower, each Loan Party and the Senior Agent have caused this Agreement to be executed as of the date first above written.

SENIOR AGENT: **SWK FUNDING-LLC**, as Agent

By /s/ Winston Black
Name: Winston Black
Title: Managing Director

JUNIOR LENDER **REDPATH EQUITYHOLDER REPRESENTATIVE, LLC**, as Agent

By: Commerce Health Ventures L.P, its member

By: /s/ Brian G. Murphy
Name: Brian G. Murphy
Title: General Partner

LOAN PARTIES: **PDI, INC.**,
a Delaware corporation,
on behalf of itself and its subsidiaries and affiliates,

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

INTERPACE DIAGNOSTICS, LLC,
a Delaware limited liability company
on behalf of itself and its subsidiaries and affiliates,

By: /s/ Nancy S. Lurker
Name: Nancy S. Lurker
Title: Chief Executive Officer

EXHIBIT A
to
Subordination and Intercreditor Agreement

JOINDER AGREEMENT

Reference is made to the Subordination and Intercreditor Agreement, dated as of October 31, 2014 (as amended, supplemented, amended and restated or otherwise modified and in effect from time to time, the ***"Intercreditor Agreement")*** among **PDI, Inc.,** a Delaware Corporation (the *"Borrower"),* **RedPath Equityholder Representative, LLC,** a Delaware limited liability company (together with its permitted successors and assigns in such capacity, the ***"Junior Lender"),*** and **SWK Funding LLC,** a Delaware limited liability company, as the agent, sole lead arranger and sole bookrunner under the Senior Credit Agreement defined below (together with its permitted successors and assigns in such capacity, including in such capacity under any Permitted Refinancing Debt (as hereinafter defined), the ***"Senior Agent").*** Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned such terms in the Intercreditor Agreement.

Capitalized terms herein used but not otherwise defined herein shall have the meaning set forth in the Intercreditor Agreement. This Joinder is being executed and delivered pursuant to Section 2.8 of the Intercreditor Agreement as a condition precedent to the debt for which the undersigned is acting as representative being entitled to the rights and obligations of being additional secured debt under the Intercreditor Agreement.

1. Joinder. The undersigned, [_____], a [_____], (the ***"New Representative")*** as [administrative agent] [collateral agent] under that certain *[described applicable credit agreement or other document governing the subordinated debt]* hereby:

(a) represents that the New Representative has been authorized to become a party to the Intercreditor Agreement on behalf of the Subordinated Creditors under the Subordinated Loan Documents as Junior Lender under the Intercreditor Agreement for all purposes thereof on the terms set forth therein, and to be bound by the terms of the Intercreditor Agreement as fully as if the undersigned had executed and delivered the Intercreditor Agreement as of the date thereof; and

(b) agrees that its address for receiving notices pursuant to the Intercreditor Agreement shall be as follows:

[Address];

2. Payment and Lien Subordination Confirmation.

The undersigned New Representative, on behalf of itself and each holder of Subordinated Debt for which the undersigned is acting as Junior Lender hereby agrees, for the benefit of all Subordinated Creditors, that the New Representative is bound by the provisions of the

Intercreditor Agreement, including the provisions relating to the subordination of the

Subordinated Debt and the Senior Debt and the subordination of the Subordinated Creditor's Liens in the Collateral to the Liens of the Senior Lenders.

3. Governing Law and Miscellaneous Provisions. The provisions of Section 18 of the Intercreditor Agreement will apply with like effect to this Joinder Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Lien Sharing and Priority Confirmation Joinder to be executed by their respective officers or representatives as of [_____, 20__].

[insert name of New Representative]

By:_____

Name:

Title:

The Senior Agent hereby acknowledges receipt of this Joinder:

_____

as Senior Agent

By:_____
Name:
Title:

EXHIBIT B
to
Subordination and Intercreditor Agreement

INSTRUMENT OF ADHERENCE

Dated as of _____

[[Address to current Senior Agent and Junior Lender]

Ladies and Gentlemen:

Reference is made to the Subordination and Intercreditor Agreement, dated as of October 31, 2014 (as amended, supplemented, amended and restated or otherwise modified and in effect from time to time, the ***"Intercreditor Agreement")*** among **PDI, Inc.,** a Delaware Corporation (the *"Borrower"),* **RedPath Equityholder Representative, LLC,** a Delaware limited liability company (together with its permitted successors and assigns in such capacity, the ***"Junior Lender"),*** and **SWK Funding LLC,** a Delaware limited liability company, as the agent, sole lead arranger and sole bookrunner under the Senior Credit Agreement defined below (together with its permitted successors and assigns in such capacity, including in such capacity under any Permitted Refinancing Debt (as hereinafter defined), the ***"Senior Agent").*** Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned such terms in the Intercreditor Agreement.

The undersigned [NAME OF GUARANTOR SUBSIDIARY], a [GUARANTOR SUBSIDIARY ENTITY] (the ***"Adhering Party")*** has on or prior to the date hereof executed and delivered to (a) the Senior Agent a Joinder Agreement in accordance with that certain Guarantee and Collateral Agreement (the ***"Senior Guarantee")*** between Senior Agent, the Borrower and the Loan Parties thereto from time to time and has become a Guarantor (as such term is defined in the Senior Credit Agreement) thereunder and (b) the Junior Lender a Joinder Agreement in accordance with that certain Guarantee and Collateral Agreement (the ***"Subordinate Guarantee")*** between Junior Lender, the Borrower and the Loan Parties thereto from time to time and has become a Guarantor (as such term is defined in the Senior Credit Agreement) thereunder and, in connection therewith, hereby agrees to become party to the Intercreditor Agreement and to comply with and be bound by all of the terms, conditions and covenants thereof all with the same effect as if it had executed the Intercreditor Agreement on the Effective Date. On or prior to the date of the execution of this Instrument of Adherence, the undersigned has become a party to one or more Senior Loan Documents or Subordinated Debt Documents (as applicable) and agrees to be bound thereby as if it had been a party to such documents on the Effective Date. The Adhering Party hereby acknowledges and agrees that it shall be a "Loan Party" under the Intercreditor Agreement.

The undersigned represents and warrants to the Senior Lenders, the Senior Agent, and the Junior Lender that:

(a) it has all appropriate powers under its respective governing documents to become a party to the Intercreditor Agreement and to perform all of its respective obligations thereunder; and

(b) it is capable of complying with and is in compliance with all of the provisions of the Intercreditor Agreement.

This Instrument of Adherence shall take effect as a sealed instrument and shall be governed by and construed in accordance with the laws of the State of Texas without regard to principals of conflict of laws but with regard to federal laws applicable to national banks.

Very truly yours,

[INSERT NAME OF GUARANTOR SUBSIDIARY]

By:_____
Title:

Accepted and Agreed:

SWK Funding LLC,
as Senior Agent

By:_____
Title:

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement ("Agreement") is entered into among the United States of America, acting through the United States Department of Justice (the "United States") and RedPath Integrated Pathology Incorporated ("RedPath"), (hereinafter jointly referred to as "the Parties"), through their undersigned counsel and/or authorized representatives

II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. RedPath Integrated Pathology Incorporated is a Pennsylvania licensed, independent clinical laboratory specializing in genomics-based cancer diagnostics and is located at 2515 Liberty Avenue, Pittsburgh, Allegheny County, Pennsylvania 15222. RedPath performs a patented molecular analysis test known as the PathFinder TG® ("PFTG").

B. The United States contends that RedPath submitted or caused to be submitted claims for payment to the Medicare Program ("Medicare"), Title XVII of the Social Security Act, 42 U.S.C. §§ 1395-1395ggg. At all times relevant to this Settlement Agreement, RedPath was a Medicare provider.

C. The United States contends that it has certain civil claims against RedPath under common law doctrines, including without limitation, payment by mistake and unjust enrichment, for engaging in the following conduct during the period from October 1, 2010 through September 30, 2012 and has demanded and continues to demand that RedPath pay damages to the United States arising from the Covered Conduct. The United States contends that RedPath submitted or caused to be submitted certain claims for payment to the Medicare for the PFTG test which were not in compliance with the 14-Day Rule, found at 42 U.S.C. §414.510 (as

amended Nov. 27, 2007) (hereinafter referred to as the "Covered Conduct").

D. RedPath denies that their claims are not in compliance with the 14-Day Rule and claims that it has defenses to these contentions; however, the United States maintains that its assertions are correct and accurate. This Agreement is neither an admission of liability by RedPath nor a concession by the United States that its claims are not well founded.

E. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, the Parties reach a full and final settlement pursuant to the Terms and Conditions below.

III. TERMS AND CONDITIONS

1. RedPath agrees not to submit any further claims for reimbursement to Medicare for the PFTG test performed on specimens obtained during the period from October 1, 2010 through September 30, 2012; nor will RedPath appeal any denials of any claims for reimbursement for the PFTG test submitted to Medicare which were performed on specimens obtained during the period October 1, 2010 through September 30,2012 which have been submitted as of the date of this Agreement. Furthermore, RedPath agrees that if on or before December 31 of calendar years 2014,2015,2016, and 2017, RedPath has achieved total revenue of $9,000,000.00, it will tender a payment to the United States in the amount of $250,000.00; if RedPath has achieved total revenue of $12,000,000.00, it will tender a payment to the United States in the amount of $500,000.00; if RedPath has achieved total revenue of $16,000,000.00, it will tender a payment of $750,000.00 to the United States; and if RedPath has achieved total revenue of $20,000,000.00, it will tender a payment to the United States in the amount of $1,000,000.00, whichever is the greater amount in each calendar year 2014 through 2017. The obligation to make payments shall cease once a total of $3,000,000.00 is paid. Total Revenue

shall be determined on a GAAP basis and on standards set forth in the SEC's SAB 104 which provides as follows: revenue generally is realized or realizable and earned when all of the following criteria are met: 1) Persuasive evidence of an arrangement exists; 2) Delivery has occurred or services have been rendered; 3) The seller's price to the buyer is fixed or determinable; and 4) Collectability is reasonably assured.

The payment of $3,000,000.00 will satisfy any and all of RedPath's obligations to pay any damages or fines resulting from the Covered Conduct under this Agreement.

Finally, if RedPath sells substantially all of its assets, merges with and into another entity (and the current stockholders of RedPath do not own at least a majority of the equity interests in the surviving entity to such a merger) or any person or entity who is not a current stockholder (or affiliate of a current stockholder) acquires a controlling interest in RedPath prior to payment of the maximum amount that may be owing by RedPath to the United States pursuant to this paragraph, RedPath agrees that as a condition to consummating any such transaction, RedPath shall obtain the acknowledgment and agreement of any entity that acquires substantially all of RedPath's assets or any successor to RedPath by merger, that such acquiror or successor is bound by the terms of this Settlement Agreement (or in the instance of a change of control, the purchasing controlling stockholder shall acknowledge that this Settlement Agreement continues to be a valid and binding obligation of RedPath). RedPath understands that the United States may rescind the releases provided in Paragraph 3 below, if RedPath fails to obtain any such acknowledgment and agreement as provided above.

2. RedPath agrees to pay the amounts set forth in Paragraph 1, above, by electronic funds transfer pursuant to written instructions to be provided by the Financial Litigation Unit of the United States Attorney's Office for the Western District of Pennsylvania within 90 days of

the end of calendar years 2014, 2015, 2016, and 2017 respectively. Contemporaneously with its payments, RedPath will provide complete copies of the final audited and certified financial statements for the years then ended to United States Attorney's Office.

3. Subject to the exceptions in Paragraph 4, below, in consideration of the obligations of RedPath set forth in this Agreement, conditioned upon RedPath's fulfillment of the terms and conditions set forth in Paragraph 1, above, and subject to Paragraph 10, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the United States agrees to release RedPath together with its current and former parent corporations, shareholders, officers, directors, and the successors and assigns of any of them from any civil claim the United States has or may have under the common law theories of payment by mistake and unjust enrichment for the Covered Conduct.

4. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including RedPath) are the following:

a. Any civil, criminal, or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code);

b. Any criminal liability;

c. Except as explicitly stated in this Agreement, any administrative liability, including permissive or mandatory exclusion from Federal health care programs;

d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct; and

e. Any liability based upon such obligations as are created by this

Agreement.

5. RedPath waives and shall not assert any defenses RedPath may have to any criminal prosecution relating to the Covered Conduct, which defenses may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution. Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

6. RedPath fully and finally releases the United States, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that RedPath has asserted, could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

7. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 8, below.

8. RedPath waives and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

9. The Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to RedPath, within the meaning of 11 U.S.C.

§ 547(c)(l); and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which RedPath was or became indebted, on or after the date of this transfer, all within the meaning of 11 U.S.C. § 548(a)(1).

10. If, within 91 days of the Effective Date of this Agreement or any payment made under this Agreement, RedPath commences, or a third party commences, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors (a) seeking to have any order for relief of RedPath's debts, or seeking to adjudicate RedPath as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for RedPath or for all or any substantial part of RedPath's assets, RedPath agrees as follows:

a. RedPath's obligations under this Agreement may not be avoided pursuant to 11 U.S.C. §§ 547 or 548, and RedPath shall not argue or otherwise take the position in any such case, proceeding, or action that: (I) RedPath's obligations under this Agreement may be avoided under 11 U.S.C. §§ 547 or 548; (ii) RedPath was insolvent at the time this Agreement was entered into, or became insolvent as a result of the payment made to the United States hereunder; or (iii) the mutual promises, covenants, and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to RedPath.

b. If RedPath's obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the United States, at its sole option, may rescind the releases in this

Agreement, and bring any civil and/or administrative claim, action, or proceeding against RedPath for the claims that would otherwise be covered by the releases provided in Paragraph 3 above RedPath agrees that (I) any such claims, actions, or proceedings brought by the United States (including any proceedings to exclude RedPath from participation in Medicare, Medicaid, or other Federal health care programs) are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case, or proceeding described in the first clause of this Paragraph, and RedPath shall not argue or otherwise contend that the United States' claims, actions, or proceedings are subject to an automatic stay; (ii) RedPath shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claims, actions, or proceedings that are brought by the United States within 60 calendar days of written notification to RedPath that the releases herein have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the date of execution of this agreement;

c. RedPath acknowledges that its agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

11. Each Party to this Agreement shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

12. RedPath represents that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever and that RedPath has been advised with respect hereto by counsel.

13. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement is the United States District Court for the Western District of Pennsylvania.

14. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

15. The individuals signing this Agreement on behalf of RedPath represent and warrant that they are authorized by RedPath to execute this Agreement. The United States signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

16. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

17. This Agreement is binding on RedPath's successors, transferees, heirs, and assigns.

18. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

FOR THE UNITED STATES OF AMERICA, U.S. DEPARTMENT OF JUSTICE :

DATED: 1-28-13

BY: /s/ David J. Hickton
DAVID J. HICKTON
United States Attorney
Western District of Pennsylvania

DATED: 1/28/13

BY: /s/ Michael A. Comber
MICHAEL A. COMBER
Office of the United States Attorney
for the Western District of Pennsylvania

DATED: 1/28/13

BY: /s/ Philip P. O'Connor, Jr.
PHILIP P. O'CONNOR, JR.
Office of the United States Attorney
for the Western District of Pennsylvania

FOR REDPATH INTEGRATED PATHOLOGY INCORPORATED

DATED: 1-28-13

BY: /s/ Dennis Smith
Dennis Smith, M.D.
Chief Executive Officer
RedPath Integrated Pathology Incorporated

DATED: 1-28-13

BY: /s/ Tina O. Miller
Tina O. Miller, ESQ.
Counsel for
RedPath Integrated Pathology Incorporated

EMPLOYMENT SEPARATION AGREEMENT

This Employment Separation Agreement (the "Agreement") is effective as of 10/10/11, by and between PDL, Inc., a Delaware corporation (the "Company"), having its principal place of business at 300 Interpace Parkway, Parsippany, New Jersey 07054, and Gerald Melillo, residing at [**********], (the "Executive"), pursuant to which the aforementioned parties agree:

1. **Employment**. In connection with Executive's acceptance of that certain offer of employment letter dated September 26, 2011 (the "Offer Letter") and contingent upon Executive's successful completion of any pre-employment screening requirements set forth in the Offer Letter and execution of the Company's Confidentiality, Non-Solicitation and Covenant Not to Compete Agreement,, the Company shall employ the Executive as Senior Vice President - Business Development of the Company, which employment shall terminate upon notice by either party, for any reason. ***Executive understands and agrees that Executive's employment with the Company is at will and can be terminated at any time by either party, and for any or no reason.***

2. **Compensation and Benefits Payable Upon Involuntary Termination without Cause or Resignation for Good Reason**.

   a. **Triggering Event.** In further consideration for Executive's employment, Executive will receive the compensation and benefits set forth in Section 2(b) if the following requirements (hereinafter referred to as the 'Triggering Event") are met:

      i. Executive's employment is terminated involuntarily by the Company at any time for reasons other than death, total disability or Cause, or Executive resigns from employment for Good Reason; and

      ii. As of the 30th day following his or her termination date, Executive has executed the Agreement and General Release in substantially the form attached to this Agreement or in such form as may be provided by the Company (the "Release"), any applicable revocation period has expired and Executive has not revoked the Release during such revocation period.

   b. **Compensation and Benefits.** Following the occurrence of a Triggering Event, the Company will provide the following compensation and benefits to Executive:

      i. The Company will pay Executive a lump sum payment equal to the product of twelve (12) times Executive's Base Monthly Salary (excluding incentives, bonuses, and other compensation), plus the average of the annual amounts paid to Executive under any cash-based incentive or bonus plan in which Executive participates with respect to the last three (3) full fiscal years of Executive's participation in such plan prior to the date of termination of Executive's employment with the Company (or, if Executive's number of full fiscal years of participation in any such plan prior to the date of termination of Executive's employment is less than three (3), the average of the annual amounts paid to Executive over the number of full fiscal years of

Executive's participation in such plan prior the date of termination of Executive's employment). Subject to Section 2(c) below, such payment shall be made within forty-five (45) days after Executive's termination date.

ii. The Company will reimburse Executive for the cost of the premiums for COBRA group health continuation coverage under the Company's group health plan paid by Executive for coverage during the period beginning following Executive's termination date and ending on the earlier of either: (A) first anniversary of Executive's termination date; or (B) the date on which Executive becomes eligible for other group health coverage, provided that no reimbursement shall be paid unless and until Executive submits proof of payment acceptable to the Company within 90 days after Executive incurs such expense. Any reimbursements of the COBRA premium that are taxable to the Executive shall be made on or before the last day of the year following the year in which the COBRA premium was incurred, the amount of the COBRA premium eligible for reimbursement during one year shall not affect the amount of COBRA premium eligible for reimbursement in any other year, and the right to reimbursement shall not be subject to liquidation or exchange for another benefit.

c. **Delay of Payment to Comply with Code Section 409A .** Notwithstanding anything herein to the contrary, if at the time of Executive's termination of employment with the Company, Executive is a "specified employee" within the meaning of Code Section 409A and the regulations promulgated thereunder, then the Company shall delay the commencement of such payments (without any reduction) by a period of six (6) months after Executive's termination of employment. Any payments that would have been paid during such six (6) month period but for the provisions of the preceding sentence shall be paid in a lump sum to Executive six (6) months and one (1) day after Executive's termination of employment. The 6-month payment delay requirement of this Section 2(c) shall apply only to the extent that the payments under this Section 2 are subject to Code Section 409A. With respect to payments or benefits under this Agreement that are subject to Code Section 409A, whether Executive has had a termination of employment shall be determined in accordance with Code Section 409A and applicable guidance issued thereunder.

3. Other Compensation.

a. Except as may be provided under this Agreement, any benefits to which Executive may be entitled pursuant to the plans, policies and arrangements of the Company shall be determined and paid in accordance with the terms of such plans, policies and arrangements, and Executive shall have no right to receive any other compensation or benefits, or to participate in any other plan or arrangement, following the termination of Executive's employment by either party for any reason.

b. Notwithstanding any provision contained herein to the contrary, in the event of any termination of employment, the Company shall pay Executive his or her earned, but unpaid, base salary within ten (10) days of Executive's termination date and shall reimburse Executive for any accrued, but unpaid, reasonable business expenses, in each case, earned or accrued as of the date of termination. Executive shall submit documentation of any business expenses within ninety (90) days of his or her termination date and any reimbursements of such expenses that are taxable to the Executive shall be made on or before the last day of the year following the year in which the expense was incurred, the amount of the expense eligible for reimbursement during one year shall not affect the amount of reimbursement in any other year, and the right to reimbursement shall not be subject to liquidation or exchange for another benefit.

4. **Withholding.** All amounts otherwise payable under this Agreement shall be subject to customary withholding and other employment taxes, and shall be subject to such other withholding as may be required in accordance with the terms of this Agreement or applicable law.

5. **Confidentiality, Non-Solicitation and Covenant Not to Compete Agreement .** In the event Executive's employment with the Company is terminated by either party for any reason, Executive shall continue to be bound by the Company's Confidentiality, Non-Solicitation and Covenant Not to Compete Agreement for the periods set forth therein (a copy of which is attached to this Agreement).

6. **Definitions**.

a. **Cause** shall mean: (i) the failure of Executive to use Executive's best efforts in accordance with Executive's position, skill and abilities to achieve Executive's goals as periodically set by the Company; (ii) the failure by Executive to comply with the reasonable instructions of the Chief Executive Officer and/or the Company's Board of Directors (the "Board"); (iii) a material breach by Executive of any of the terms or conditions of this Agreement; (iv) the failure by Executive to adhere to the Company's documented policies and procedures; (v) the failure of Executive to adhere to moral and ethical business principles consistent with the Company's Code of Business Conduct and Guidelines on Corporate Governance as in effect from time to time; (vi) Executive's conviction of a criminal offense (including the entry of a nolo contendere plea); (vii) any documented act of material dishonesty or fraud by the Executive in the commission of his or her duties; or (viii) Executive engages in an act or series of acts constituting misconduct resulting in a misstatement of the Company's financial statements due to material non-compliance with any financial reporting requirement within the meaning of Section 304 of The Sarbanes-Oxley Act of 2002.

b. **Base Monthly Salary** shall mean an amount equal to one-twelfth of Executive's then current annual base salary. Base Monthly Salary shall not include incentives, bonus(es), health and welfare benefits, car allowances, long term disability insurance or any other compensation or benefit provided to executive employees of the Company.

c. **Change of Control** shall mean: (i) any merger by the Company into another corporation or corporations which results in the stockholders of the Company immediately prior to such transaction owning less than 51% of the surviving corporation; (ii) any acquisition (by purchase, lease or otherwise) of all or substantially all of the assets of the Company by any person, corporation or other entity or group thereof acting jointly; (iii) the acquisition of beneficial ownership of voting securities of the Company (defined as common stock of the Company or any securities having voting rights that the Company may issue in the future) or rights to acquire voting securities of the Company (defined as including, without limitation, securities that are convertible into voting securities of the Company (as defined above) and rights, options, warrants and other agreements or arrangements to acquire such voting securities) by any person, corporation or other entity or group thereof acting jointly, in such amount or amounts as would permit such person, corporation or other entity or group thereof acting jointly to elect a majority of the members of the Board, as then constituted; or (iv) the acquisition of beneficial ownership, directly or indirectly, of voting securities and rights to acquire voting securities having voting power equal to 51% or more of the combined voting power of the Company's then outstanding voting securities by any person, corporation or other entity or group thereof acting jointly. Notwithstanding the preceding sentence, any transaction that involves a mere change in identity form or place of organization within the meaning of Section 368(a)(l)(F) of the Code, or a transaction of similar effect, shall not constitute a Change of Control.

d. **Good Reason.** Executive's termination of employment with the Company shall be for Good Reason if (i) Executive notifies the Company in writing that one of the Good Reason Events (as defined below) has occurred, which notice shall be provided within ninety (90) days after he or she first becomes aware of the occurrence of such Good Reason Event, (ii) the Company fails to cure such Good Reason Event within thirty (30) days after receipt of the written notice from Executive (the "Cure Period"), and (iii) Executive resigns employment within thirty (30) days following expiration of the Cure Period. For purposes of this Agreement, a "Good Reason Event" shall mean any of the following which occur without Executive's consent:

i. Prior to a Change of Control,

(A) The failure by the Company to pay Executive any material amount of his or her current salary, or any material amount of his or her compensation deferred under any plan, agreement or arrangement of or with the Company that is currently due and payable;

(B) A material reduction in Executive's annual base salary; provided that a reduction consistent with reductions made to the annual base salaries for similarly situated senior executives of no more than 15% shall not constitute Good Reason; or

(C) The relocation of Executive's principal place of employment to a location more than fifty (50) miles from Executive's current principal place of employment.

ii. During the two (2) year period following any Change of Control,

(A) The failure by the Company to pay Executive any material amount of his or her current salary, or any material amount of his or her compensation deferred under any plan, agreement or arrangement of or with the Company that is currently due and payable;

(B) A material reduction in Executive's annual base salary; provided that a reduction consistent with reductions made to the annual base salaries for similarly situated senior executives of no more than 15% shall not constitute Good Reason;

(C) The relocation of Executive's principal place of employment to a location more than fifty (50) miles from Executive's current principal place of employment;

(D) A material adverse alteration of Executive's duties and responsibilities from those in effect immediately prior to the Change of Control;

(E) An intentional, material reduction by the Company of Executive's aggregate target incentive awards under any short-term and/or long-term incentive plans; and

(F) The material failure of the Company to maintain Executive's relative level of coverage under its material employee benefit, retirement, or fringe benefit plans, policies, practices, or arrangements in which Executive participates, both in terms of the amount of benefits provided and the relative level of Executive's participation as in effect immediately before a Change of Control and with all improvements therein subsequent thereto (other than those plans or improvements that have expired thereafter in accordance with their original terms), or the taking of any action which would materially reduce Executive's benefits under such plans or deprive him of any material fringe benefit enjoyed by him immediately before a Change of Control. For this purpose, the Company may eliminate and/or modify existing employee benefit plans and coverage levels on a consistent and non-discriminatory basis applicable to all such executives; provided, however, that Executive's level of coverage under all such programs must be at least as great as is such coverage provided to employees who have the same or lesser levels of reporting responsibilities within the organization.

c. **Code** shall mean the Internal Revenue Code of 1986, as amended.

7. **Integration; Amendment.** This Agreement, the Company's Confidentiality, Non-Solicitation and Covenant Not to Compete Agreement, and the Executive's Individual Stock Agreement (if any) (a copy of which are attached to this Agreement) constitute the entire agreement between the parties hereto with respect to the matters set forth herein and supersede and render of no force and effect all prior understandings and agreements between the parties with respect to the matters set forth herein. No amendments or additions to such agreements shall be binding unless in writing and signed by both parties, provided, however, that this Agreement may be unilaterally amended by the Company where necessary to ensure any benefits payable hereunder are either excepted from Code Section 409A or otherwise comply with Code Section 409A.

8. **Governing Law; Headings.** This Agreement and its construction, performance and enforceability shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without regard to its conflicts of law provisions. Headings and titles herein are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

9. **Jurisdiction.** Except as otherwise provided for herein, each of the parties: (a) irrevocably submits to the exclusive jurisdiction of any state court sitting in Bergen County, New Jersey or federal court sitting in New Jersey in any action or proceeding arising out of or relating to this Agreement; (b) agrees that all claims in respect of the action or proceeding may be heard and determined in any such court; (c) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court; and (d) waives any right such party may have to a trial by jury with respect to any action or proceeding arising out of or relating to this Agreement. Each of the parties waives any defense of inconvenient forum to the maintenance of any action or proceedings so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Any party may make service on another party by sending or delivering a copy of the process to the party to be served at the address set forth above or such updated address as may be provided to the other party. Nothing in this Section *9,* however, shall affect the right of any party to serve legal process in any other manner permitted by law.

[Signature Page Follows]

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first above written.

EXECUTIVE

By: /s/ Gerald Melillo
Gerald Melillo

PDI, INC.

By: /s/
Nancy Lurker
Chief Executive Officer

(For use in New Jersey)

CONFIDENTIALITY, NON-COMPETITION,
AND NON-SOLICITATION AGREEMENT

THIS AGREEMENT is made this 10th day of October, 2011, between PDI, Inc., its subsidiaries, divisions and affiliated companies (hereinafter called the "Employer" or "PDI"), and Gerald Melillo (hereinafter called "Employee").

PRELIMINARY STATEMENT

PDI is engaged in Sales Services Segments, which includes Dedicated Sales Teams and Shared Sales Teams, and the Marketing Services segment, which includes, among other things, marketing research, medical education and communication, interactive digital communications, and related products and services in the biopharmaceutical, medical device, and diagnostics industries, throughout the United States of America. Employee is employed by or will be employed by PDI in an executive or business development capacity and has or will have access to PDI's most important and sensitive information. Employee desires to accept employment with PDI in an executive or business development capacity at such compensation and upon such terms and conditions as may be mutually agreeable to PDI and Employee, including but not limited to, the promises set forth in this Agreement. PDI and Employee have acknowledged that Employee signing this Agreement constitutes a condition precedent to PDI's agreement to enter into or continue any employment relationship with Employee.

In consideration of the employment of, and the salary and other remuneration and benefits to be paid by PDI to, Employee, and other good and valuable consideration, including but not limited to the consideration set forth in the offer of employment letter dated September 26, 2011, the receipt and sufficiency of which is hereby acknowledged by the parties, the parties agree as follows:

1. **UNLESS OTHERWISE AGREED TO BY PDI IN WRITING AND SIGNED BY AN AUTHORIZED REPRESENTATIVE OF PDI, PDI HEREBY EMPLOYS OR CONTINUES TO EMPLOY EMPLOYEE ON AN AT-WILL BASIS AND EITHER PDI OR EMPLOYEE MAY TERMINATE THE RELATIONSHIP, FOR ANY REASON, WITH OR WITHOUT CAUSE AND WITH OR WITHOUT NOTICE.**

2. Employee agrees to perform to the best of Employee's ability all duties required by PDI, including but not limited to duties of all employees in similar positions by PDI during the period of Employee's employment. Employee agrees to observe and follow the highest ethical standards and business practices in the performance of duties for PDI.

3. Employee expressly acknowledges that during the course of Employee's employment with PDI, PDI will provide to Employee, and Employee will obtain, become aware of, develop, or be given access to certain trade secret, confidential and/or proprietary information with respect to PDI and/or its business operations, including, but not limited to, information concerning PDI's services; network; systems; strategic business plans; marketing plans; long-range goals; assets and liabilities; technical and engineering methods, processes, and/or know-how; research and development activities; products; computer software and programs; marketing data; discounts and pricing; functional specifications; firmware; hardware; product designs; discoveries; inventions; new products; financial statements and other financial documents; licenses and other

assets; information about prospects, customers, competitors and suppliers; information of third parties which PDI is required to maintain as confidential; as well as any information about PDI or PDI's business, or which is part of PDFs business records, unless such information is or becomes readily accessible to the general public through no fault of Employee (hereinafter "Confidential Information"). Confidential Information also means any formula, pattern, device or compilation of information which is used in PDI's business, is not public knowledge, and which gives PDI an advantage over its competitors. Employee acknowledges and recognizes the importance of the protection of PDI's Confidential Information, the importance of PDI's customer relationships, and the highly competitive nature of PDI's business. Employee further understands and acknowledges that the unauthorized use or disclosure of any such Confidential Information would substantially damage and interfere with PDI's business and business prospects and may cause irreparable injury to PDI.

Accordingly, to ensure that Employee will not compromise the confidentiality of PDI's Confidential Information and/or unfairly compete with PDI by using or disclosing Confidential Information, Employee hereby expressly agrees that Confidential Information is the exclusive property of PDI to be held by Employee in trust and solely for PDI's benefit, and shall not be used by Employee or disclosed by Employee to others either during or after Employee's employment without PDI's advance written consent or except where required for Employee to properly perform Employee's job duties for PDI. This promise is binding on Employee regardless of the reasons for the termination of Employee's employment. Employee further agrees to comply with all rules, policies and procedures established by PDI from time to time which are designed to protect and ensure the continued confidentiality of PDI's Confidential Information.

4. Employee agrees that, upon the termination of Employee's employment with PDI (for any reason), or at any other time that PDI so requests, Employee shall immediately return to PDI all PDI property, including but not limited to Confidential Information, including without limitation all records, documents and other property belonging to PDI or pertaining to PDI's business. This Agreement applies to all copies, extracts, reproductions or notes as may have been made by or provided to Employee. If Employee has stored Confidential Information on any personal desktops or laptops, Personal Digital Assistants, mobile/smart phones, external hard drives, "flash" or similar drives, USB storage devices, FireWire storage devices, digital music players, digital tapes, floppy discs, CDs, DVDs, memory cards, Zip discs, as well as maintained in personal email accounts (including web-based email accounts such as Hotmail, Gmail, Yahoo) and other electronic or online communications applications such as test messaging, social media (Face Book, My Space, LinkedIn, chat rooms and similar environments) and all other similar mediums which can be used to store or transmit electronic data (regardless of whether the medium is owned by PDI, Employee or a third party, or where the medium is located), then Employee must make those devices available to PDI or provide access to those accounts or communications in order to enable PDI to search for such Confidential Information, and to remove and/or make complete copies of the medium/communications and all information stored. Employee acknowledges and agrees that this list is not comprehensive and includes technological advancements in methods, devices and locations for storing and communicating data that could include Confidential Information or information covered by this paragraph. For this purpose, Employee agrees to waive and agrees that he or she has no expectation of privacy with respect to the various media and communications referred to in this paragraph.

5. Without further consideration, Employee assigns and transfers to PDI, its successor and assigns, all rights, title and interest in and to any and all creations, inventions or works that are or may become legally protected or recognized as a form of property (including all programs, designs, ideas, inventions, improvement, writings and other works of authorship, illustrations, photographs, drawings, sketches, scientific and mathematical models, prints and any other subject matter that is or may become legally protectable or recognized as a form of property) that have been conceived, developed, suggested, or perfected by Employee, either solely or jointly with others, either: (a) during Employee's period of employment,

irrespective of whether they were conceived, developed, suggested, or perfected during Employee's regular working hours, where such creation, invention or work is related, directly or indirectly, to PDI's business or to its research and development activities; (b) with the use of PDFs time, materials, and/or facilities; or (c) within one (1) year following the termination of Employee's employment if conceived of, developed, or suggested by Employee during Employee's employment with PDI or otherwise attributable to Employee's employment with PDI and where such creation, invention or work is related, directly or indirectly, to PDI's business or its research and development activities.

6. Employee acknowledges that PDI is engaged in a specialized business involving highly sensitive information, and PDI and its assigns shall be the sole owner of all property identified in Section 3. Employee agrees to assist PDI in every proper way in connection with all such ideas, copyrights, inventions and patents (at PDI's reasonable expense). To that end, Employee agrees to execute all documents for use in applying for copyrights, inventions and patents as PDI may desire, together with any assignments thereof to PDI or persons designated by it. Employee understands and agrees that the obligation to assist PDI in obtaining and enforcing copyrights, inventions and patents shall continue beyond the termination of Employee's services for PDI, but PDI shall compensate Employee at a reasonable rate after termination of services for time actually spent by Employee at PDI's request on such assistance. In the event that PDI is unable, after reasonable effort to secure Employee's signature on any document or documents needed to apply for or secure any copyright or patent, for any reason whatsoever, Employee shall designate and appoint PDI and its duly authorized officers and agents as Employee's agent and attorney-in- fact, to act on behalf of Employee and to execute and file any such application or applications and to perform all other lawfully permitted acts to further the prosecution and issuance of copyrights and patents, or similar protection thereon, which shall have the same legal force and effect as if executed by Employee.

7. Employee acknowledges that PDI is engaged in a specialized business involving highly sensitive information, and but for Employee's employment with PDI, Employee would not have had access to PDI's customers and clients or Confidential Information regarding the same. Employee agrees that during Employee's employment with PDI and for one (1) year following the termination of such employment (for any reason), Employee will neither directly or indirectly own, manage, operate, control, consult with or be employed by: (i) any sales services provider serving the biopharmaceutical or medical devices and diagnostics industries (including any provider of dedicated sales teams, shared sales teams, clinical teams or combination teams) in any state in which Employee worked, provided services, or performed employment duties for PDI during Employee's last year of employment with PDI and (ii) any commercialization provider serving the biopharmaceutical or medical devices and diagnostics industries, that directly competes against a product on which employee worked, in any state in which Employee worked, provided services, or performed employment duties for PDI during Employee's last year of employment with PDI. Employee expressly acknowledges and agrees that the promises contained in this paragraph are reasonable and necessary to protect PDFs customer and client relationships and to effectuate the promises made by Employee to maintain PDI's Confidential Information in secrecy. Employee agrees that if Employee violates any of the restrictions contained in this paragraph, the restrictive period provided for shall be increased by the period of time from the commencement of any such violation until the time such violation shall be cured by Employee; or, in the event PDI seeks judicial enforcement of this Agreement, for a period of one (1) year from the date of any Court order enforcing the Agreement.

Employee hereby acknowledges that Employee's education, training and experience are such that Employee's agreement not to engage, for a temporary period of time, in the above described activities, will not jeopardize or significantly interfere with Employee's ability to secure other gainful employment.

8. Employee acknowledges that PDI is engaged in a specialized business involving highly sensitive information, and but for Employee's employment with PDI, Employee would not have had access to PDFs customers and clients or Confidential Information regarding the same. Employee agrees that during Employee's employment and for a period of one (1) year following the termination of such employment (for any reason), Employee will neither directly or indirectly induce or attempt to induce any customer or client of PDI or any of its subsidiaries to alter, limit or terminate its relationship with PDI or any of its subsidiaries. For purposes of this section, a current customer or client of PDI is an individual or entity with which Employee personally had contact or access to Confidential Information about during the last year of Employee's employment with PDI. Employee agrees that if Employee violates any of the restrictions contained in this paragraph, the restrictive period provided for shall be increased by the period of time from the commencement of any such violation until the time such violation shall be cured by Employee; or, in the event PDI seeks judicial enforcement of this Agreement, for a period of one (1) year from the date of any Court order enforcing the Agreement.

9. Employee acknowledges that PDI is engaged in a specialized business involving highly sensitive information, and but for Employee's employment with PDI, Employee would not have had access to PDI's employees or Confidential Information regarding the same. Employee agrees that during Employee's employment and for a period of one (1) year following the termination of such employment (for any reason), Employee will neither directly or indirectly induce or attempt to induce any employee or independent contractor of PDI or any of its subsidiaries to alter, limit or terminate his or her employment or business relationship with PDI. Employee agrees that if Employee violates any of the restrictions contained in this paragraph, the restrictive period provided for shall be increased by the period of time from the commencement of any such violation until the time such violation shall be cured by Employee; or, in the event PDI seeks judicial enforcement of this Agreement, for a period of one (1) year from the date of any Court order enforcing the Agreement.

10. In the event of an actual or threatened violation or breach by Employee of any provision of this Agreement, PDI shall be entitled to an injunction restraining Employee from engaging or continuing to engage in any conduct proscribed herein. PDI may also pursue any other legal and/or equitable remedy available to it for such violation or threatened violation. In addition to, but not instead of, any other legal or equitable remedies available to PDI, Employee hereby agrees to be responsible to PDI for all reasonable attorneys' fees and costs incurred by PDI due to Employee's breach or anticipated breach of this Agreement.

11. Employee agrees that the restrictions imposed in this Agreement are fair and reasonable and are required for PDI's protection. To the extent any portion of any provision of this Agreement is held to be invalid or unenforceable, the language shall be construed by limiting and/or reducing it so as to be enforceable to the extent compatible with applicable law. All remaining provisions, and/or portions thereof, shall remain in lull force and effect.

12. Employee consents and agrees that any and all litigation between Employee and PDI relating to this Agreement shall take place in the State of New Jersey and Employee expressly consents to the jurisdiction of the federal and/or state courts in New Jersey and to waive Employee's right to a trial by jury.

13. The parties intend and agree that this Agreement shall be construed in accordance with and governed for all purposes by the laws of the State of New Jersey without regard to its conflicts of laws provisions.

14. Employee further represents and warrants that Employee has provided the Company with true and accurate copies of any contracts or agreement to which Employee is a party which: (i) purport to restrict Employee's ability to use or disclose any confidential information or trade secrets of any former employer

or any other person; (ii) purport to restrict Employee's ability to solicit or do business with any person or entity; or (iii) may affect or limit Employee's ability to perform any job duties assigned to him by PDI.

15. For one (1) year after the cessation of Employee's employment with PDI for any reason, Employee agrees to inform Employee's new employer in writing of Employee's obligations under this Agreement prior to accepting a position with the new company. Employee agrees that at the cessation of employment with PDI for any reason and for one (1) year thereafter, Employee shall inform PDI, in writing, of the name(s) and address(es) of any new employer or other business association prior to commencement of such new employment or business relationship and provide a written description of the job duties or services that Employee will be providing such new employer or a written description of the nature of the business relationship. Employee further consents that PDI may transmit a copy of this Agreement to any person, entity, or firm with whom Employee seeks employment, partnership, or other business association during any time the restrictions are applicable pursuant to this Agreement or Court order.

16. Nothing in this Agreement shall be construed as a waiver of PDI's ability to enforce its restrictive covenant agreements against any employee or as evidence that the post-employment restraints contained in this Agreement are unnecessary for the protection of PDI's legitimate business interests.

17. This Agreement cannot be changed, modified or terminated except in writing by an authorized representative of PDI and Employee.

18. This Agreement may be freely assigned by PDI to its successors or assigns or to the purchaser of the assets of PDI. Employee's obligations under this Agreement shall not be assignable by Employee.

19. No change in Employee's duties or salary shall affect, alter, or otherwise release Employee from the provisions contained in this Agreement. All covenants, agreements, representations, and warranties made by Employee shall survive the expiration or termination of Employee's employment in accordance with their respective terms and conditions, as set forth herein.

PDI and Employee have each executed this Agreement on the date first above written.

/s/ Nancy Lurker
EMPLOYER (signature)
Name: Nancy Lurker
Title: CEO

/s/ Gerald Melillo
Gerald Melillo (signature)

LEASE

SPRING WAY CENTER

1.PARTIES. This Lease made this **10th** day **of October, 2007** by and between **Spring Way Center, LLC,** a Pennsylvania Limited Liability Company, c/o Beynon & Company, Agent 1900 Allegheny Building, Pittsburgh, PA 15219 (herein called "Landlord") and **RedPath Integrated Pathology, Inc.,** a Delaware Corporation (herein called "Tenant").

2. PREMISES. Landlord, for and in consideration of the rent to be paid and the covenants and agreements to be performed by Tenant, as herein set forth, does hereby lease, demise and let unto Tenant an office area containing approximately twenty thousand (20,000) rentable square feet situate on the 3rtl and 4lh floors, as outlined on the Diagram of Premises attached hereto as Exhibit A and incorporated herein (the "Premises"), in the commercial building located at 2515 Liberty Avenue, City of Pittsburgh, County of Allegheny, Commonwealth of **Pennsylvania** (the "Building"). Such demised premises being collectively referred to herein as the Premises.

3. TERM.

A. The term of this Lease (the "Term") shall commence on November 1, 2007 (the "Commencement Date") and Tenant's obligation to pay rent hereunder shall begin on March 1, 2008 (the "Rent Commencement Date").

B. The Term shall end at 9:00 p.m. on February 28, 2013 unless sooner terminated as hereinafter provided.

C. If this Lease is executed before the Premises become ready for occupancy and Landlord fails to tender possession of the Premises on or before the Commencement Date for any reason other than an omission, delay or default caused by Tenant, then the Rent (as defined in Paragraph 6 hereof) shall abate until Landlord tenders possession and Tenant hereby accepts such abatement in full settlement of any and all claims Tenant may have against Landlord arising from Landlord's failure to tender possession on the Commencement Date.

D. If, through the commercially reasonable efforts of the Landlord, the Landlord cannot deliver possession of the said Premises to the Tenant by March 1, 2008, for the reason of not obtaining an occupancy permit, this Lease shall be voidable, by the Tenant, and no Rent shall be due and payable to the Landlord under this Lease, until said occupancy permit is obtained. If the reason for the delay in occupancy is due to the Tenant, or their agents or contractors, rent will be due on March 1, 2008

E. In the event that Landlord shall permit Tenant to occupy the Premises prior to the Commencement Date, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

4. CONSTRUCTION OF PREMISES.

A. At Tenant's sole expense, and pursuant to all appropriate permits and licenses and in compliance with local building and zoning codes, Tenant shall have the ability to make non-structural improvements to the Premises without Landlord's consent. Any structural improvements must have Landlord's prior written consent, such consent not to be unreasonably withheld, delayed or conditioned. Tenant acknowledges that it has had an opportunity to inspect the Premises and accepts the Premises in AS IS condition. Landlord shall allocate $18.00 per rentable square foot towards Tenant improvement items in addition to finishing the common areas of the facility to include HVAC ductwork, restrooms, corridors and stairwells with building standard finishes and fixtures commensurate with a class A office building.

B. Tenant shall be responsible for its own contractors to construct Tenant's space. Landlord shall pay to Tenant on the submission of building plans $4.50 per rentable sq. ft. and shall pay an additional $4.50 per rentable sq. ft. to Tenant within 60 days.

The remaining balance of $9.00 per rentable sq. ft., minus a 10% contingency, will be paid upon completion of the project. The 10 % contingency payment is subject to Tenant's and Landlord's satisfaction and released upon their written approvals.

C. Landlord and Tenant shall work together to obtain the occupancy permits necessary for Tenant to conduct its business, and occupancy of the Building.

D. Landlord shall not be liable for any delay in the issuance of any permits and licenses for Tenant's construction or use of the Premises.

5. BASE RENT.

A. Base Rent. Tenant shall pay to Landlord as monthly rent ("Base Rent") those sums set forth in Exhibit B attached hereto and made part hereof, payable in advance, without demand and without setoff or deduction, on the first (1st) day of each calendar month throughout the Term. In the event that the Rent Commencement Date occurs on a day other than the first (1st) business day of a calendar month, the Tenant shall pay to the Landlord, on or before the Rent Commencement Date of The Term, a pro rata portion of the monthly installment of Base Rent, such pro rata portion to be based on the number of days remaining in such partial month after the Rent Commencement Date of the Term.

B. Additional Rent. Whenever under the terms of this Lease any sum of money is required to be paid by Tenant in addition to the rent herein reserved, and said additional amount so to be paid is not designated as "additional rent'', then said amount shall nevertheless, at the option of Landlord, if not paid when due be deemed "additional rent" and collectible as such, but nothing herein contained shall be deemed to suspend or delay the payment of any sum at the time the same becomes due and payable hereunder, or limit any other remedy of Landlord. Nonpayment of additional rent when due shall, subject to the provisions of Article 25 below, constitute a default under this Lease to the same extent, and shall entitle the Landlord to the same remedies, as nonpayment of rent. Where no limit for payment is otherwise stated in the specific Lease provision applicable thereto, any such obligation shall be due and payable within thirty (30) days following Tenant's receipt of a written statement showing in reasonable detail the basis for the amount claimed.

C. Payments. All payments of Base Rent and additional rent shall be paid when due at the principal office of the Landlord or at such other place as Landlord may from time to time direct, in advance. Base Rent and additional rent shall be pro rated with respect to any partial month during the Lease term.

6. ADDITIONAL RENT ESCALATION. In the event the Real Estate Taxes or Operating Costs incurred by Landlord during any calendar year following the applicable Base Year shall exceed the Real Estate Taxes or Operating Costs incurred by Landlord during such Base Year, Tenant shall pay to Landlord an amount equal to Tenant's proportionate share of such increase, which share shall be computed as hereinafter set forth. For this purpose, the following definitions shall apply:

A. The Base Year with respect to Real Estate Taxes and Operating Costs shall be calendar year 2008. The Base Year Operating Costs shall be adjusted as required to reflect 95% occupancy of the Building.

B. Real Estate Taxes shall be deemed to mean the aggregate amount of taxes and assessments annually levied, assessed or imposed upon the Building in which the Premises re located. The term "Real Estate Taxes" as used in this Lease shall not include any capital stock, succession, transfer, gift, estate, or inheritance taxes, or any penalties, interest or fines incurred by Landlord due to nonpayment or late payment of taxes. Landlord shall refund to Tenant its proportionate share of any refund or reduction in any taxes successfully contested by or otherwise granted to Landlord. Tenant shall only be obligated to pay Tenant's proportionate share of any fees, expenses and costs incurred by Landlord in protesting any assessments, levies or taxes if such protest results in a tax bill or expense that is less than such fees, expenses and costs. If any special assessment is permitted by law to be paid in installments. Landlord will pay such assessment in installments when and as each installment becomes due. Tenant shall not be obligated to pay the amount of any installments of any special assessment or assessments which are to become due and payable after the expiration of the term of this Lease or any renewal thereof. Any taxes unpaid by Landlord at the termination of this Lease shall be calculated on the basis of the most recent ascertainable tax bill and pro rated to the date of termination of the Lease. In the event any statement regarding taxes is discovered to be erroneous. Tenant shall be entitled to a full and immediate refund of any overpayment.

The Tenant's proportionate share of Real Estate Tax increase shall be calculated using an accounting methodology by Landlord which fairly and reasonably allocates the space Tenant is using - 20,000 square feet divided by 37,500 or 53%.

C. "Operating Costs" shall be deemed to mean those expenses during an operating year in respect to the operation and maintenance of the Building, other structures and improvements and the land constituting or supporting the Building and in accordance with reasonable and accepted principles of sound management and accounting practices, and buildings of similar size, condition and location, and shall include all costs and expenses of ownership, operation and maintenance (excluding depreciation, all amounts paid for loans of Landlord and expenses typically capitalized for federal income tax purposes according to generally accepted accounting principles) including by way of illustration and not limitation: personal property taxes and assessments and any tax in

addition to or in lieu thereof assessed on personal property used in the operation and maintenance of the Building, whether assessed against Landlord or Tenant or collected by Landlord or both; utilities not payable by tenants or reimbursed to Landlord pursuant to the terms of leases and other arrangements; supplies; insurance; license permit and inspection fees; cost of services of independent contractors (including property management fees); cost of compensation (including employment taxes and fringe benefits) of all persons who perform regular and recurring duties connected with day-to-day operation, maintenance and repair of the Building, its equipment and the component walks, malls and landscaped areas including janitorial, gardening, security, parking, operating engineer, elevator, painting, plumbing, electrical, carpentry, heating, ventilation, air conditioning, window washing, signage and advertising (but excluding persons performing services not uniformly available to or performed for substantially all Building tenants) prorated to reflect the time such persons devote solely to the Building; rental expense or a reasonable allowance for depreciation of personal property used in such maintenance, operations and repair; and those costs, expenses and disbursements which Landlord reasonably determines Landlord would have incurred had the Building been 95% occupied at all times during such operating lease year.

The term "Operating Costs" shall not include the following: costs to benefit, or relating to, a specific tenant, such as legal and other related expenses associated with the negotiation or enforcement of leases, and any penalties or damages from such lawsuits; liabilities and costs incurred by Landlord for environmental hazards, damage inspections, tests, cleanup and remediation except those incurred from day-to-day operations; costs associated with the financing or refinancing of debt such as points, broker's fees and attorney's fees; costs incurred by Landlord for paintings, sculptures or other artwork (other than ordinary and customary decorating expense); costs incurred to generate rental income and lease space in the Building, such as tenant allowances, brokers' commissions and leasing fees, advertising costs, architectural fees, space planning costs and promotional material; all late charges and penalties, assessed against Landlord; and property management fees in excess of those customarily charged. No item of Operating Costs shall be included more than once in any given time period, and no taxes or any other type of chargeable expense or cost.

The Tenant's proportionate share of Operating Costs increases shall be calculated as follows. Within four (4) months after the end of each calendar year following the Base Year, Landlord shall furnish Tenant a written statement showing in reasonable detail Landlord's Real Estate Taxes and Operating Costs for the preceding calendar year and the applicable Base Year and showing the amount of any increase in the sums due from Tenant. Coincidentally with the monthly rent payment due following Tenant's receipt of such statement. Tenant shall pay to Landlord an amount equal to Tenant's pro-rata share of the sum of (1) the difference between Real Estate Taxes and Operating Costs for the preceding calendar year and the applicable Base Year less any such increases previously paid by Tenant; and (2) one-twelfth (1/12) of such increases for the current calendar year multiplied by the number of rent payments (including the current one) then elapsed in such calendar year. Thereafter, such one-twelfth (1/12) amount shall be paid monthly with the rent until subsequently adjusted in accordance with the terms of this Article.

The additional rent due under the terms and conditions of this Article shall be payable by Tenant. Landlord will, within ten days after receipt of a written request from Tenant, provide to Tenant copies of or access to the records, receipts and other documentation evidencing the expenses paid by Landlord for Real Estate Taxes and Operating Costs and the method of calculating the amount payable by Tenant.

7. LATE PAYMENT. A late charge of Nine Hundred Dollars ($900.00) shall be due and payable forthwith on the amount of rent not received by Landlord from Tenant on or before the seventh (7^{th}) day of the month when due.

8. USE OF PREMISES. Tenant shall occupy and use the Premises only for a general business office and operation of medical laboratory in connection with Tenant's business. Tenant shall not occupy or use the Premises for any other purpose or business without the prior written consent of Landlord, such consent not to be unreasonably withheld. Tenant shall observe and comply with the reasonable, uniform and nondiscriminatory rules and regulations which Landlord shall promulgate from time to time with regard to the operation of the Premises, Building and common areas of the Building (the "Rules"). The Rules, together with any amendments thereto, shall be provided to the Tenant before the Commencement Date by the Landlord. In the event of any conflict between the Rules and this Lease, the provisions of this Lease shall control.

9. COMMON AREAS/PARKING. All parking areas, driveways, alleys, public corridors and fire escapes, and other areas, facilities and improvements as may be approved by Landlord from time to time for the general use, in common, by the Tenant and other tenants, their employees, agents, invitees and licensees, shall at all times be subject to the exclusive control and management of Landlord, and Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to all such areas, facilities and improvements. Landlord shall properly maintain all such common areas including snow and ice removal when required. Tenant shall have the use of six (6) parking spaces on a non exclusive basis next to the Building at no additional cost. Tenant shall have the right to rent up to thirty (30) additional parking spaces at any parking facility or lot within 3 blocks of the building-that Landlord shall make available. The rental for each space shall be $50.00 per space per month payable monthly in advance. Said parking rate will remain fixed for a term of two (2) years, whereby it may be subject to a change to reflect the increase, if any, of neigh boring parking rates.

10. ALTERATIONS. Except as otherwise provided, Tenant shall not make any alterations, interior decorations, improvements or additions to the Premises or attach any fixtures or equipment thereto, without the Landlord's prior written approval, which approval shall not be unreasonably withheld, delayed or conditioned. All such alterations, interior decorations, improvements or additions made to the Premises after the Commencement Date or the attachment of any fixtures or equipment thereto shall be performed at Tenant's sole cost and expense.

Tenant may affix pictures and shelving to the walls without Landlord's consent. So long as Tenant is not in material default hereunder, Tenant shall have the right but, except as stated in the succeeding sentence, not the obligation, to remove any said alterations, interior decorations, improvements or additions caused to be made to the Premises by Tenant, during and at the expiration of the Lease term or any renewal thereof, providing that Tenant repairs any damage caused to the

Premises by said removal. Landlord by notice to Tenant in writing not more than fifteen (15) days after the expiration of the Lease term, or any renewal term thereof, may request that Tenant remove any of said alterations, interior decorations, improvements or additions caused to be made to the Premises by Tenant or any of the fixtures, furniture and equipment caused to be installed by Tenant, and, if Landlord makes said request, Tenant shall, within fifteen (15) days thereafter, remove such of said alterations, interior decorations, improvements, additions, fixtures, furniture and equipment as stated in such request and repair any damage caused to the Premises by said removal^ In the event that Landlord requests such removal and Tenant fails to remove same and repair any damage caused thereby on or before said expiration date. Tenant agrees to reimburse and pay Landlord for the cost of removing same and repairing any damage to the Premises caused by said removal.

Notwithstanding anything contained in this Lease to the contrary, Tenant shall not be required or able to remove any improvements or alterations constructed as part of the initial build-out of the Premises, or which are installed by Landlord, or which are installed by Tenant but which have been approved by Landlord, with no condition at the time of approval that they ultimately be removed; except that Tenant may remove the backup generator, air handler and lab benches. All of said alterations, interior decorations, improvements additions, fixtures, furniture and equipment remaining on the Premises after said expiration date, or at such sooner termination date due to any default of Tenant, shall become the property of Landlord, unless removed by Tenant in accordance with the foregoing provisions. In doing any such work. Tenant shall use due care to cause as little damage or injury as possible to the Premises and the Building and to repair all damage or injury that may occur to the Premises or the Building in connection with such work. Tenant agrees in doing any such work in or about the Premises to use Tenant's best efforts to engage only such labor as will not conflict with or cause strikes or other labor disturbances among the Building service employees of Landlord. Any contractors employed by Tenant shall be approved by Landlord, and Landlord shall not unreasonably withhold its approval and consent; provided, however, that all such contractors shall be required to carry worker's compensation insurance, public liability insurance and property damage insurance in amounts, form and content, and with companies reasonably satisfactory to Landlord. Prior to the commencement by Tenant of any work as set forth in this Article, Tenant shall obtain, at Tenants sole cost and expense, all necessary permits, authorizations and licenses required by the various governmental authorities having jurisdiction over the Building and Premises.

11. MECHANIC'S LIENS. Prior to Tenant performing any construction or other work on or about the Premises for which a lien could be filed against the Premises *or* the Building, Tenant shall enter into a written "no lien" agreement satisfactory to Landlord with the contractor who is to perform such work, and such written agreement shall be filed and recorded in accordance with the Mechanic's Lien Law of Pennsylvania, prior to commencement of such work. Notwithstanding the foregoing, if any mechanic's lien or other lien shall be filed against the Premises or the Building purporting to be for labor or material furnished or to be furnished at the request of Tenant, then Tenant shall at its expense cause such lien to be discharged by payment, bond or otherwise within thirty (30) days after filing thereof. As an alternative to causing the lien to be discharged of record, Tenant shall have the right to contest the validity of any lien or claim if Tenant shall first have posted a bond or other security reasonably satisfactory to Landlord (such as an undertaking with Landlord's title company to insure that, upon final determination of the validity of such lien or claim, Tenant

shall immediately pay any judgment rendered against Tenant). If Tenant shall fail to take such action within such thirty (30) day period, Landlord may cause such lien to be discharged by payment, bond or otherwise, without investigation as to the validity thereof or as to any offsets or defenses thereto, and Tenant shall, upon demand, reimburse Landlord for all amounts paid and costs incurred including attorney's fees, in having the lien discharged of record. Tenant shall indemnify and hold Landlord harmless from and against any and all claims, costs, damages, liabilities and expenses (including reasonable attorney's fees) which may be brought or imposed against or incurred by Landlord by reason of any such lien or its discharge.

12. CONDITION OF PREMISES. Tenant acknowledges and agrees that, except as expressly set forth in this Lease, there have been no representations or warranties made by or on behalf of Landlord with respect to the Premises or the Building or with respect to the suitability of either for the conduct of Tenant's business. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises were at such time in satisfactory condition, order and repair.

13. UTILITIES AND SERVICES.

A. Utilities. Tenant shall have the ability to control the air conditioning/heating systems, on a 24 hour basis using thermostatic controls. Separate electrical meters service each individual floor. Tenant shall establish their own electrical accounts with, and pay for the cost of such utility service directly to the utility company (Duquesne Light Company) for such service. ALL TENANTS shall pay ninety five percent (95%) of the total natural gas invoice divided according to their proportionate share of occupied space within the building.

B. Building Services. Landlord shall provide (subject to Tenant's payment of utility charges):

1. Maintenance of air condition, ventilation and heating through the systems of the Premises.

2. Electric current for lighting and for standard office machines and equipment and other appliances which operate on standard 110 volt power and Landlord shall replace light globes and/or fluorescent tubes and ballasts in the common areas. Tenant shall be responsible for light bulbs/ fluorescent tubes in the Premises only.

3. Window cleaning of both the inside and outside panes two (2) times per calendar year.

4. Maintenance of common areas including but not limited to snow removal and landscaping.

5. Continuous elevator service.

6. Maintenance and service of any public restrooms in the Building excluding those in Tenant's space or for Tenant's exclusive use. Tenant agrees to supply and pay for all paper products.

7. Hot and cold water for restroom and kitchen facilities and cold water for drinking.

8. Tenant shall have the right to install signage on the Building that amounts to fifty three percent (53%) of the allowable signage permitted on the Building. Tenant shall be responsible for its signage subject to Landlord's approval, such approval not to be unreasonably withheld, delayed or conditioned. Signage shall include Tenant listing on the main building directory, if any, and a building standard nameplate on the exterior wall next to the entrance to the Premises.

9. Tenant shall be provided with security cards to the Premises for employees as required. Ten (10) security keys will be provided for the Premises. Additional keys shall be furnished at a cost of $10.00 each. Any keys which are returned to the Landlord shall receive a credit of $10.00 per key. Any lost or stolen security cards shall be immediately reported to the Building management. Replacement of any lost or stolen security cards will be at a cost of $10.00 each. Landlord reserves the right to change security procedures for the Building as necessary.

10. Landlord may install a Building security system which controls access to the Building and to the Premises. Tenant shall be responsible for charges relating to modification of the security for the Leased Premises. Upon Tenant's request, Landlord shall provide Tenant with reports regarding access to the Premises.

11. Landlord does not warrant that the utilities or services provided by this Article shall be free from slow-down, interruption or stoppage pursuant to voluntary agreement by and between Landlord and governmental bodies and regulatory agencies, caused by the maintenance, repair, substitution, renewal, replacement or improvements of any of the equipment involved in the furnishing of any such utilities or services or caused by strikes, lockouts, labor controversies, fuel shortages, accidents, acts of God or the elements or any other cause beyond the reasonable control of Landlord, except caused by the negligence or willful misconduct of Landlord; and specifically, no such slow down, interruption or stoppage of any of such services shall be construed as an eviction, actual or constructive, of Tenant, nor shall same cause any abatement of Base Rent or additional rent payable hereunder or in any manner or for any purpose relieve Tenant from any of Tenant's obligations hereunder, and in no event shall Landlord be liable for damages to persons or property or be in default hereunder as a result of such interruption or stoppage. The foregoing to the contrary notwithstanding, in the event of a substantial interruption or stoppage of utilities or services for a period which exceeds three (3) consecutive business days, rent shall abate commencing on the fourth (4th) consecutive day proportionately to the extent of such interruption or stoppage.

12. Landlord shall provide a dumpster at Landlord's cost for Tenant to dispose of normal everyday trash removal for a office and medical laboratory use.

14. ASSIGNMENT AND SUBLETTING.

A. Tenant shall not assign this Lease, or sublet the Premises, in whole or in part, without the Landlord's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned.

B. The foregoing provision contrary notwithstanding, Tenant may assign this Lease or any renewal thereof or sublet all of the Premises, upon advance notice to Landlord but without Landlord's consent, to any corporation which controls, is an affiliate of, or is controlled by or is under common control with Tenant, or to any corporation resulting from a merger or consolidation with Tenant, or to any entity which acquires substantially all of the assets of Tenant in the normal course of business. Any such assignment or subletting shall be made only upon condition that (i) the assignee or sublessee assume, in full, the obligations of Tenant under this Lease, (ii) Tenant remains fully liable under this Lease, and (iii) the use of the Premises as specified in Article 8 hereof remains unchanged.

15. ACCESS TO PREMISES. Tenant shall have access to the Building 24 hours per day, 7 days per week, by way of key or security access cards unless due to an extreme emergency situation in which Landlord may limit Tenant's access. Landlord and Landlord's employees, agents and contractors, shall have the right to enter the Premises with 24 hours advance written notice and in accordance with Tenant's protocols for its laboratory areas, for the purpose of examining or inspecting the same, showing the same to prospective purchasers, mortgagees or tenants in the Building, and making such alterations, repairs, improvements or additions to the Premises or the Building and performing Landlord's services and work as Landlord may deem necessary or desirable or as may be required of Landlord under terms of this Lease at any time without notice in case of an emergency. Landlord shall enter the Premises for the purpose of showing the Premises to prospective tenants only during the last six (6) months of the Term of this Lease or any renewal thereof. If representatives of Tenant shall not be present to open and permit entry into the Premises at any time when such entry by Landlord is necessary or permitted hereunder, Landlord may enter by means of a master key (or forcibly in the event of an emergency) without liability to Tenant and without such entry constituting an eviction of Tenant or termination of this Lease.

16. REPAIRS.

A. Landlord shall make, at Landlord's sole cost and expense, all repairs necessary to maintain the structural, plumbing, HVAC and electrical systems, exterior doors and windows, floors (except carpeting). Landlord shall commence such repairs as promptly as the circumstances reasonably permit and in no event later than thirty (30) days of Landlord's receipt of written notice from Tenant that such repairs are needed and thereafter shall diligently pursue the same to completion with reasonable promptness. If Landlord fails to complete such repairs in a timely manner as herein provided^ Tenant may complete the repairs at Landlord's cost and expense, and deduct the amount thus expended from the rent falling due hereunder.

B. Except as the Landlord is obligated for repairs as herein provided. Tenant shall make at Tenant's sole cost and expense all repairs necessary to maintain the Premises and shall keep the Premises and the fixtures therein in neat and orderly condition. If the Tenant refuses or neglects to make such repairs, or fails to diligently prosecute the same to completion, or requests Landlord to perform additional work outside of Landlord's requirements under this Lease and on behalf of Tenant, after thirty (30) days written notice from Landlord of the need therefore, Landlord may make such repairs at the expense of Tenant and such expense, along with a fifteen per cent (15%) service charge, shall be collectible as additional rent.

C. Landlord shall not be liable by reason of any injury or to interference with Tenant's business arising from the making of any repairs in accordance with this Article 16 in or to the Premises or the Building or to any appurtenances or equipment therein unless attributable to the gross negligence or misconduct of Landlord, its employees or agents. Landlord shall interfere as little as reasonably practicable with the conduct of Tenant's business. There shall be no abatement of rent because of such repairs, except as provided in Article 20 hereof.

17. INDEMNIFICATION AND INSURANCE.

A. Tenant shall indemnify, hold harmless and defend Landlord from and against any and all costs, expenses (including reasonable counsel fees), liabilities, losses, damages, suits, actions, fines, penalties, claims or demand, of any kind and asserted by or on behalf of any person or governmental authority, arising out of or in any way connected with, and Landlord shall not be liable to Tenant on account of, (i) any failure by Tenant to perform any of the agreements, terms, covenants or conditions of this Lease required to be performed by Tenant, (ii) any failure by Tenant to comply with any statutes, ordinances, regulations or orders of any governmental authority related to Tenant's occupancy or use of the Premises, (iii) any accident, death or personal injury, or damage to or loss or theft of property, which shall occur in or about the Premises except as the same may be caused by the negligence of Landlord or Landlord's employees or agents.

B. Landlord shall indemnify, hold harmless and defend Tenant from and against any and all costs, expenses (including reasonable counsel fees), liabilities, losses, damages, suits, actions, fines, penalties, claims, or demands of any kind and asserted by or on behalf of any person or governmental authority, arising out of or in any way connected with, and Tenant shall not be liable to Landlord on account of, (i) any failure by Landlord to perform any of the agreements, terms, covenants or conditions of this Lease required to be performed by Landlord, (ii) any failure by Landlord to comply with any statutes, ordinances, regulations or orders of any governmental authority, (iii) any accident, death or personal injury, or damage to or loss or theft of property, which shall occur in or about the Building (excluding the Premises) except as the same may be caused by the negligence of Tenant or Tenant's employees or agents.

C. During the term of this Lease or any renewal thereof, Tenant shall obtain and promptly pay all premiums for commercial general liability insurance against claims for personal injury, death or property damage occurring upon, in or about the Premises, in an amount of not less than $1,000,000 combined single limit for bodily injury and property damage, and all such policies and renewals thereof shall name the Landlord Spring Way Center LLC, as an additional insured. All policies of insurance shall include contractual coverage and shall provide (i) that no material change or cancellation of said policies shall be made without prior written notice to Landlord and Tenant. Insurance's company's Agent will provide 30 days written notice of any insurance cancellation, and (ii) that the insurance company issuing the same shall waive all rights of subrogation against the Landlord. Tenant shall provide a copy of policies or certificates of insurance evidencing coverage required by this Lease. All the insurance required under this Lease shall be issued by insurance companies authorized to do business in the Commonwealth of Pennsylvania with a financial rating of at least an A+ as rated in the most recent edition of Best's Insurance Reports and in business for

the past five (5) years. The aforesaid insurance limits may be reasonably increased from time to time by Landlord.

D. During the Term and any renewal thereof, Landlord shall obtain and promptly pay all premiums for (i) insurance coverage on the Building exclusive of Tenant's leasehold improvements thereon (i.e., standard fire and hazard insurance with approved standard extended coverage endorsement), with limits of coverage of not less than 80% of the replacement value thereof, subject to a deductible not to exceed $50,000; and (ii) commercial general liability insurance in an amount not less than $2,000,000 combined single limit for bodily injury and property damage.

E. Each party waives any and every claim which may arise in favor of such party and against the other hereto, during the lease term or any renewal or extension thereof, for any and all loss, or damage to, any such party's property located within or constituting a part of the Premises or the Building, which loss or damage is covered by valid and collectable fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under said insurance policies. Said mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to property of the parties hereto. Inasmuch as the above mutual waivers preclude the assignment of any claim by way of subrogation (or otherwise) to an insurance company (or any other company or person), each party hereto agrees immediately to give each insurance company which has issued to such party policies of fire and extended coverage insurance, written notice of the terms of said mutual waivers, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by said waivers.

18. LANDLORD'S LIABILITY. Landlord and Landlord's agents, servants and employees shall not be liable for, and Tenant hereby releases and relieves Landlord and Landlord's agents, servants and employees from, all liability in connection with any and all damage to or loss of property, or loss or interruption of business occurring to Tenant and Tenant's agents, servants, employees, invitees, licensees, visitors, or any other person, firm, corporation or entity, in or about or arising out of the Premises, from (a) the entry of water, snow or ice into the Premises from any source; (b) any defect or failure of plumbing, sprinkling, electrical, heating or air conditioning systems or equipment, drains, pipes or plumbing, sewer or other similar installation; (c) the falling of any fixture or any wall or ceiling materials; (d) broken glass; (e) any acts or omissions of the other tenants or occupants of the Building or of nearby buildings; and (f) theft, Act of God, public enemy, injunction, riot, strike, insurrection, war, court order, or any order of any governmental authorities having jurisdiction over the Premises; except if such damage or loss is caused by the gross negligence or willful misconduct or by Landlord's violation of the provisions of this Lease.

19. COMPLIANCE WITH INSURANCE REQUIREMENTS. Tenant agrees that Tenant will not do or suffer to be done, any act, matter or thing, objectionable to the fire insurance companies whereby the fire insurance or any other insurance now in force or hereafter to be placed on the Premises or any part thereof, or on the Building of which the Premises may be a part, shall become void or suspended, or whereby the same shall be rated as a more hazardous risk that at the date when Tenant receives possession hereunder. In case of a breach of this covenant, in addition to all other remedies of Landlord hereunder, Tenant agrees to pay to Landlord as additional rent, any and

all increases in premiums on insurance carried by Landlord on the Premises or any part thereof, or on the Building of which the Premises may be a part, caused in any way by the occupancy of Tenant.

20. FIRE OR OTHER CASUALTY. If the Premises are damaged by fire, tornado or other casualty. Tenant shall give immediate notice thereof to Landlord. Within thirty (30) days of the happening of the damage, Landlord shall notify Tenant of the estimated time to repair the damage. If the Premises cannot or will not be repaired within ninety (90) days from the date of casualty, Landlord and Tenant shall have the option to terminate this Lease upon thirty (30) days notice one to the other; provided that Landlord may complete the repairs during such thirty (30) day period and in that event this Lease shall remain in full force and effect. In the absence of Lease termination pursuant to the foregoing provisions of this Article, Landlord shall proceed with reasonable diligence and promptness to restore the Premises to the condition which existed prior to the casualty. Rent shall abate proportionately during this period of total or partial unreliability. Tenant acknowledges notice (i) that Landlord shall not obtain insurance of any kind on Tenant's furniture or furnishings, equipment, fixtures, alterations, improvements and additions, (ii) that it is Tenant's obligation to obtain such insurance at Tenant's cost and expense, and (iii) that Landlord shall not be obligated to repair any damage thereto or replace the same.

21. SUBORDINATION. This Lease shall be subject and subordinate to the lien of any mortgage, renewals, modifications, consolidations, replacements or extensions thereof, which now or hereafter may affect the Premises. Tenant shall, at Landlord's request, execute such agreements and other instruments as any mortgagee of the Premises shall deem necessary or desirable to subordinate this Lease to the lien of any present or future mortgage, mortgages or construction loans against the Premises. Notwithstanding the foregoing, the holder of any such mortgage shall recognize and preserve this Lease in the event of any foreclosure sale or possessory action, and this Lease shall continue in full force and effect, and Tenant shall attorn to such party and shall execute, acknowledge an deliver any instrument that has for its purpose and effect confirmation of attornment promptly upon request therefore. The subordination of this Lease shall be subject to any current or future mortgage holder(s) agreement not to disturb Tenant's occupancy, so long as Tenant is not then in default of this Lease.

22. CONDEMNATION.

A. If the whole or any part of the Premises or the Building shall be condemned or taken either permanently or temporarily for any public or quasi-public use or purpose, under any statute or by right of eminent domain, or by purchase in lieu thereof, then in that event the term of this Lease shall cease and terminate from the date when possession is taken thereunder pursuant to such proceedings or purchase. The rent shall be adjusted as of the time of such termination, and any rent paid for a period thereafter shall be refunded.

B. In the event of any such taking of the Premises or the Building, Landlord shall be entitled to receive the entire award in any such proceeding, and Tenant hereby assigns any and all right, title and interest of Tenant now or hereafter arising in or to any such aware or any part thereof and hereby waives all rights against Landlord and the condemning authority, except that Tenant shall have the right to claim and prove in any such proceeding and receive any award which may

be made to Tenant, if any, specifically for damages for loss of goodwill, movable trade fixtures, equipment and search and relocation expenses.

23. ESTOPPEL CERTIFICATE. Either party shall, at any time and from time to time, upon ten (10) days written request by the requesting party, execute, acknowledge and deliver to the requesting party a statement in writing duly executed (i) certifying that either this Lease is in full force and effect without modification or amendments, or that this Lease is in full force and effect as modified and amended and setting forth in full all modifications and amendments, (ii) certifying the dates to which Base Rent and additional rent have been paid, and (iii) either certifying that to the knowledge of such party no default exists under this Lease or specifying each such default; it being the intention and agreement of Landlord and Tenant that any such statement may be relied upon by a prospective purchaser or a prospective mortgagee of the Building or current mortgagee of the Building, or by others, in any matter affecting the Premises.

24. DEFAULT. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant.

A. A failure by Tenant to pay, when due, any installment of rent hereunder or any such other sum herein required to be paid by Tenant within thirty (30) days of Tenant's receipt of written notice from Landlord with respect to additional rent.

B. The assignment or subletting of the Premises by Tenant without the consent of the Landlord, except as provided in Article 14B hereof.

C. A failure by Tenant to observe and perform any other material provision or covenant of this Lease to be observed or performed by Tenant, where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant provided, however, that if the nature of the default is such that the same cannot reasonably be cured within such thirty (30) day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion; or

D. The filing of a petition by or against Tenant for adjudication as a bankrupt or insolvent or for reorganization or for the appointment pursuant to any local, state or federal bankruptcy or insolvency law of a receiver or trustee of Tenant's property; or an assignment by Tenant for the benefit of creditors; or the taking possession of the property of Tenant by any local, state or federal governmental officer or agency or court-appointed official for the dissolution or liquidation of Tenant or for the operating, either temporary or permanently, of Tenant's business, provided, however, that if any such action is commenced against Tenant the same shall not constitute a default if Tenant causes the same to be dismissed within thirty (30) days after the filing of same.

25. REMEDIES. Upon the occurrence of any event of default set forth above and the expiration of all applicable cure and grace periods:

A. Landlord may remedy by performance for the account of Tenant any such default of Tenant and immediately recover as additional rent any expenditure made and the amount of any obligations incurred in connection therewith, plus a fifteen per cent (15%) service charge.

B. Landlord may accelerate all rent and additional rent for the balance of the term of this Lease (less amounts which Landlord may reasonably receive upon reletting of the Premises after allowance of the costs and expenses incurred in effecting the reletting) and declare the same to be immediately due and payable.

C. Landlord, at Landlord's option, may serve notice upon Tenant that this Lease and the then unexpired term hereof shall cease and expire and become absolutely void on the date specified in such notice, without any right on the part of the Tenant to save the forfeiture by payment of any sum due or by the performance of any term, provision, covenant, agreement or condition; and thereupon this Lease and the term hereof granted as well as the right, title and interest of Tenant hereunder, shall wholly cease and expire and become void in the same manner and with the same force and effect (except as to Tenant's liability) as if the date fixed in such notice were the date herein granted for expiration of the term of this Lease. Thereupon, Tenant shall immediately quit and surrender to Landlord the Premises, and Landlord may enter into and repossess the Premises by summary proceedings, detainer, ejectment or otherwise and remove all occupants thereof and, at Landlord's option, any property thereon without being liable to indictment, prosecution, or damages therefor. No such expiration or termination of this Lease shall relieve Tenant of Tenant's liability and obligations under this Lease, whether or not the Premises shall be re-let; provided, however, Landlord agrees to use its best efforts to relet the Premises as soon as possible to mitigate damages.

D. Landlord may, at any time after the occurrence of any event of default, re-enter and repossess the Premises and any part thereof and attempt in Landlord's own name, regardless of whether or not this Lease has been terminated, to re-let all or any part of such Premises for and upon such terms and to such persons, firms or corporations and for such period or periods as Landlord, in Landlord's sole discretion, shall determine, including the term beyond the termination of this Lease; and Landlord shall not be required to accept any tenant offered by Tenant or observe any instruction given by Tenant about such re-letting; provided, however, that Landlord will not reject a substitute tenant offered by Tenant if such substitute's financial condition is at least as good as Tenant's is at the time of execution of this Lease. For the purposes of such re-letting, Landlord may decorate or make repairs, changes, alterations or additions in or to the Premises to the extent deemed by Landlord to be reasonably necessary; and the cost of such decoration, repairs, change, alterations or additions shall be charged to and be payable by Tenant as additional rent hereunder, as well as any reasonable brokerage and legal fees expended by Landlord; and any sums collected by Landlord from any new tenant obtained on account of Tenant shall be credited against the balance of the rent due hereunder as aforesaid. Tenant shall pay to Landlord monthly, on the days when the rent would have been payable under this Lease, the amount due hereunder less the amount obtained by Landlord from such new tenant.

E. Landlord shall have the right of injunction, in the event of a breach by Tenant of any of the agreements, conditions and covenants or terms hereof, to restrain the same and the right to invoke any remedy allowed by law or in equity, whether or not other remedies, indemnity or reimbursements are herein provided.

F. Landlord reserves all rights and remedies available under law or equity in the case of default by Tenant hereunder, and the enumeration of certain rights and remedies in this Lease shall not be interpreted to limit or affect Landlord's exercise of any other rights or remedies.

G. In the event of default by Landlord, Tenant may take such action or invoke such remedies as are allowed by law except that before taking any such action. Tenant shall give Landlord thirty (30) days written notice (except in the case of an emergency which either threatens Tenant's property or the life or well-being of any individual), during which time Landlord may cure such default. In addition, prior to exercising any remedy which will cause either the termination of this Lease or the nonpayment of rent. Tenant shall provide at least thirty (30) days advance written notice of Landlord's default to any mortgage lender of Landlord and shall allow such lender to commence to cure Landlord's default within such thirty (30) day notice period and to thereafter diligently prosecute the same to completion during and beyond such notice period.

H. Confession of Judgment: For value received and forthwith on every default of payment of rent by Tenant, or any and every breach of covenant herein, if such breach or default shall not be fully remedied within twenty five (25) days after written request is given to cure said default, Tenant does hereby empower any attorney of any court of record within the United States to appear for Tenant and, with or without declaration filed, confess judgment against Tenant and in favor of Landlord, its successors or assigns, as of the term, for the specific sum due by reason of such default or breach by Tenant or for the accelerated rent due by reason of such default or breach, or both, with costs of suit and reasonable attorney's fees for collection and forthwith issue writ or writs of execution thereon, with release of all errors, and without stay of execution, and inquisition and extension upon any levy on real estate is hereby waived, and condemnation agreed to, and any stay, continuance or adjournment of sale, and any right to petition or set aside or order a resale, and any right to except to the Sheriffs schedule of proposed distribution is hereby expressly waived and exemption of any and all property from levy and sale by virtue of any exemption law now in force or which may hereafter be enacted is also expressly waived by Tenant. Tenant further authorizes and empowers any such attorney, either in addition to or without such judgment of the specific amount or accelerated rent due under this Lease to appear to Tenant, and for any other person claiming under, by or through Tenant, and confess judgment forthwith against Tenant and such other person and in favor of Landlord, in an amicable action of ejectment for the Premises, together with hereditaments and appurtenances and all fixtures and equipment installed therein, with all the conditions, fees, releases, and waivers to accompany said confession of judgment in ejectment as are set forth in this Paragraph for confession of judgment for amounts due. The entry of judgment under the foregoing warrants shall not exhaust the warrants, but successive judgment may be entered thereunder from time to time as often as defaults occur.

26. CUMULATIVE REMEDIES. To the extent permitted by law, the rights and remedies given to Landlord in this Lease are distant, separate and cumulative remedies; and no one of them, whether or not exercised by Landlord, shall be deemed to be in exclusion of any of the others.

27. WAIVER. The failure or delay on the part of Landlord or Tenant to enforce or exercise at any time any of the provisions, rights or remedies in the Lease shall in no way be construed to be a waiver thereof, nor in any way to affect the validity of this Lease or any part hereof, or the

right of the Landlord or Tenant to thereafter enforce each and every such provision, right or remedy. No waiver of any breach of this Lease shall be held to be a waiver of any other or subsequent breach. The receipt by Landlord of rent at time when the rent is in default under this Lease shall not be construed as a waiver of such default. The receipt by Landlord of a lesser amount than the rent due shall not be construed to be other than a payment *on* account of the rent then due, nor shall any statement on Tenant's check or any letter accompanying Tenant's check be deemed an accord and satisfaction, and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of the rent due or to pursue any other remedies provided in this Lease. No act or thing done by Landlord or Landlord's agents or employees during the term of this Lease shall be deemed an acceptance of a surrender shall be valid unless in writing and signed by Landlord.

28. RIGHT TO CHANGE PUBLIC SPACES. Landlord shall have the right at any time, without thereby causing any eviction of the Tenant or incurring any liability to Tenant therefor to change the arrangement or location of lobbies, entrances, stairs, elevators, and other structures and common areas, except those that are contained within the Premises, provided nevertheless, that such action does not materially restrict Tenants use of the Premises or unreasonably interfere with Tenant's enjoyment of the parking lot and other common facilities. In making such changes. Landlord shall utilize construction methods and materials comparable to the original Building design and composition.

29. RELOCATION OF TENANT. This Article is deleted.

30. SURRENDER. This Lease shall terminate and Tenant shall deliver up and surrender possession of the Premises on the last day of the term hereof, and Tenant waives the right to receive any notice of termination or note to quit, and Tenant hereby waives all right to any such notice as may be provided under any laws now or hereafter in effect in Pennsylvania, including but not limited to the Landlord and Tenant Act of 1951, as amended. Tenant covenants that upon the expiration or sooner termination of this Lease Tenant shall deliver up and surrender possession of the Premises in the same condition in which Tenant has agreed to keep the same during the continuance of this Lease and in accordance with the terms hereof, ordinary wear and tear excepted.

31. TENANT'S OPTIONS.

A. Lease Renewal: Provided Tenant is not in default of any terms or conditions of this Lease, Tenant shall have the option to renew this Lease for one (1) additional five (5) year period at a base rental rate of $19.50 per rentable square foot. Tenant shall be required to give written notice to Landlord six (6) months prior to the expiration of this Lease of it's intention to renew this Lease under these terms.

B. Right of First Refusal to Purchase

1. Grant of Right of First Refusal. Landlord hereby grants to Tenant a right of first refusal to purchase the Building, and any interest of Landlord in and to any lots, roads, avenues, or rights-of-way abutting or in any way appertaining to the Building, upon the terms described herein.

2. Notice of Intended Transfer. Landlord agrees not to sell, convey, or transfer ("Transfer") all or any portion of the Building to any outside third party, without first giving written notice (the "Notice of Sale'') to Tenant of its intention to Transfer the same. The Notice of Sale shall include: (i) the terms of the proposed Transfer, including but not limited to the inspection period, purchase price, and other terms, (ii) a copy of any written offer, contract or agreement (the "Offer") received by Landlord with regards to a proposed Transfer of the Building,.

3. Right of Tenant to Purchase. Within Fifteen (15) days after receipt of the Notice of Sale from Landlord, Tenant may give written notice (the "Notice of Exercise") to Landlord of Tenant's exercise of its right to purchase the Building under the same terms and conditions as shown in the written notice. Failure to give written notice of Tenants intent to proceed to purchase the Building within 15 days will terminate Tenants Right of First Refusal. If Tenant gives Landlord the Notice of Exercise, Landlord and Tenant will enter into a written agreement for Tenant to acquire the Building ("Purchase Agreement"), with the same terms and price identified in the Notice of Sale, except as modified by this Agreement. In the event that Tenant does not exercise its right to purchase the Building and the actual purchase price for which the Building will be sold to the offeror decreases by more than two percent (2%) of the purchase price set forth in the Notice of Sale, or if any other material terms are modified from those set forth in the Notice of Sale, Landlord shall provide a new Notice of Sale to Tenant and Tenant may exercise its right to acquire the Building with respect to the new Notice of Sale as set forth above. For so long as Landlord owns the Building (or any portion thereof), this Agreement shall be in full force and effect.

4. Inspection Period. Notwithstanding anything in the Offer, if Tenant exercises its right of first refusal, Tenant shall have the inspection period set forth in the Offer (the "Inspection Period") to inspect the Building to determine its suitability for Tenant's use. During the Inspection Period, Tenant and its representatives and agents shall provide Landlord with reasonable notice prior to any inspection of the Building.

5. Closing. Tenant and Landlord shall close the transaction contemplated herein within as per the agreement of sale unless otherwise agreed to in writing and signed by both parties.

6. Void Transfers Remedies. Any transfer by Landlord of the Building or any portion thereof to a family member or related company of the Landlord will be excluded from this agreement, and no notice will be required.

C. Right of First Refusal to Lease the 2" fl floor:

1. Grant the Right of First Refusal. Landlord hereby grants to Tenant a right of first refusal to Lease the 2nd floor of the Building,

2. Notice of Intended Lease. Landlord agrees not to Lease any portion of the 2nd floor of the Building to anyone without first giving written notice (the "Notice of Lease'") to Tenant of its intention to Lease the same. The Notice of Lease shall include: (i) the terms of the proposed Lease, price and other terms, (ii) a copy of any written offer to lease, contract or agreement (the "Offer") received by Landlord with regards to a proposed Lease of the Building.

3. Right of Tenant to Lease. Within ten (10) days after receipt of the Notice of Lease from Landlord, Tenant may give written notice (the "Notice of Exercise") to Landlord of Tenant's exercise of its right to lease the Building. If Tenant gives Landlord the Notice of Exercise, Landlord and Tenant will enter into a written agreement for Tenant to Lease said space in the 2nd floor of the Building ("Lease Agreement"), with the same terms and price identified in the Notice of Lease, except as modified by this Agreement. In the event that Tenant does not exercise its right to purchase the Lease within the time frame of 10 business days, Tenant shall have forfeited its Right of First Refusal to Lease.

32. COMPLIANCE WITH LAWS.

A. Landlord represents and agrees that, as of the date Landlord delivers possession of the Premises to Tenant, the Premises and the Building, including but not limited to structural, mechanical and electrical systems and components, will (i) meet or exceed code as required by governmental authority and (ii) comply with applicable laws and regulations relating to hazardous materials. If at any time during the term of this Lease, the Premises are determined to be deficient in meeting applicable codes and regulations. Landlord shall be required to promptly make all repairs, alterations and improvements to the Premises in order to bring the Premises into legal compliance.

B. Tenant shall comply with all governmental laws, ordinances and regulations applicable to the furnishing of Tenant's alterations and to Tenant's occupancy and use of the Premises, provided however, that such compliance shall not require Tenant to make structural changes or repairs which are the responsibility of Landlord pursuant to this Lease.

C. Landlord shall be responsible for compliance with Title III of the Americans with Disabilities Act (the "ADA") with respect to the construction of the Building and the Premises and with respect to any amendments to the ADA. With respect to any alterations performed by Tenant, Tenant shall be responsible for compliance with ADA.

D. Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any hazardous substance on, in or under the Premises, the Building or other real property of Landlord, or any other real property adjacent thereto or in the vicinity thereof (collectively the "Property") so as to threaten contamination of the Property.= Tenant shall not allow the storage, use or disposal of such substances in any manner not allowed by law or by the highest applicable prevailing standards for such storage, use or disposal of such substances.= Tenant shall not cause or permit any hazardous substance to be brought onto the Property except in the ordinary course of Tenant's business in the Premises. As to any such substance. Tenant shall obtain, maintain and retail labels, product literature, warnings and other notices which shall be adequate to identify such substance and to comply with all applicable record keeping requirements relating to such substance.

Tenant shall immediately notify Landlord, in writing, in the event of any release of any hazardous substance in violation of any of the preceding provisions of this Paragraph D. Tenant shall provide immediate access to the Premise, shall cooperate fully with any examinations or testing and shall otherwise cooperate fully with Landlord and others in determining the nature and extent of environmental contamination of the Property. Tenant shall clean up and otherwise remediate all

such spills, releases and other discharges in a manner which shall comply with all applicable environmental laws. Tenant shall be responsible for paying all costs and expenses required to effect the foregoing matters.

Tenant shall indemnify, defend and hold Landlord, and Landlord's employees, agents and assigns, harmless from any costs, expenses, loss, penalties, fines, claims, actions and liabilities whatsoever which may be incurred by reason of Tenant's noncompliance with any of the covenants and provisions of this Article, including without limitation (a) the cost of bringing the Property into legal compliance, (b) the cost of all appropriate examinations and tests to determine or confirm the condition of the Property and (c) fees and expenses of attorneys, engineers and consultants incurred by the indemnities with respect to the foregoing matters. Any amount paid by Landlord in such connection, and not reimbursed by Tenant in accordance with this covenant of indemnity, shall constitute and be collectible as additional rent.

The covenants contained herein shall survive the expiration of this Lease and shall continue for so long as Landlord and Landlord's successors and assigns, may be subject to any cost, expense, loss, claim, action, liability or other matter for which Tenant has agreed to provide indemnity hereunder.

33. NOTICE. Whenever in this Lease it shall be required or permitted that notice or demand be given or served by either party to this Lease to or on the other party, such notice or demand shall be deemed to have been duly given or serviced if in writing and either personally served or forwarded by Federal Express or comparable delivery service or by certified or registered mail, charges prepaid, and addressed as follows:

To Landlord	Spring Way Center, LLC c/o Beynon & Company, Agent 1900 Allegheny Building Pittsburgh, PA 15219-1613
To Tenant:	RedPath Integrated Pathology, Inc. 2515 Liberty Avenue, 4th Floor Pittsburgh, PA 15222

Each such mailed notice shall be deemed to have been given to or served upon the party to whom addressed on the date the same is deposited with the express service or U. S. Postal Service, properly addressed in the manner above provided. Either party hereto may change the address to which such notices shall be delivered or mailed by giving written notice of such change to the other party hereto, as herein provided.

34. BROKER. Each party represents and warrants to the other that only Beynon & Company and Howard Hanna Commercial Real Estate Services are the brokers in connection with the finding and negotiation of this Lease. Landlord shall be responsible for payment of commissions or fees due such broker in accordance with the terms of Landlord's written listing agreement with such agent. Each party agrees to indemnify and hold harmless the other from and against any claims, suits, liabilities and expenses incurred by or assessed by reason of any undisclosed brokerage or agency arrangement.

35. FORCE MAJEURE. Neither party shall be required to perform any term, condition or covenant of this Lease as long as such performance is delayed or prevented by force majeure, which shall mean Acts of God, strikes, lockouts, material or labor restrictions imposed by governmental authority, civil riot, floods and other causes not reasonably within the control of such party and which, by the exercise of due diligence, such party is unable, wholly or in part, to prevent or overcome; provided however, that such party shall be required to commence and thereafter diligently prosecute performance of completion to the extent reasonably permitted under the circumstances. Notwithstanding anything herein to the contrary, the foregoing shall not excuse either party from the payment of any moneys due pursuant to the terms of this Lease.

36. TRANSFER OF LANDLORD'S INTEREST. Landlord's obligations hereunder shall be binding upon Landlord only for the period of time that Landlord is in ownership of the Building; and, upon termination of that ownership, Tenant, except as to any obligations which have then matured or relate to an event occurring prior to the transfer, any breach occurring prior to the transfer, or any tort or fraud committed prior to the transfer, shall look solely to Landlord's successor in interest in the Building for this satisfaction of each and every obligation of Landlord hereunder.

37. SUCCESSORS. The respective rights and obligations provided in this Lease shall bind and shall inure to the benefit of the parties hereto and their respective successors and assigns, provided however, that no rights shall inure to the benefit of any successors of Tenant whenever, by the express terms of this Lease, Landlord's written consent for the transfer to such successor is required under Article 14 hereof, unless Landlord shall have granted such consent.

38. GOVERNTNG LAW. This Lease shall be construed, governed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

39. SEPARABILITY. If any provisions of this Lease shall be held to be invalid, void or unenforceable, the remaining provisions hereof shall in no way be affected or impaired and such remaining provisions shall remain in full force and effect.

40. CAPTIONS. Any headings preceding the text of the several paragraphs and subparagraphs hereof are inserted solely for convenience of reference and shall not constitute a part of this Lease, nor shall they affect its meaning, construction or effect.

41. GENDER. As used in this Lease, the word 'person' shall mean and include, where appropriate, any individual, corporation, partnership or other entity; the plural shall be substituted for the singular, and the singular for the plural, where appropriate; and words of any gender shall mean to include any other gender.

42. EXECUTION. This Lease shall become effective when it has been signed by an authorized officer or representative of each of the parties and delivered to the other party.

43. EXHIBITS AND RIDERS. Attached to this Lease and made a part hereof, and initialed on behalf of both parties simultaneously with the execution of this Lease, are the following exhibits:

Exhibit A	Diagram of Premises
Exhibit B	Rental Payment Schedule

44. ENTIRE AGREEMENT. This Lease, including the exhibits and riders hereto, if any, contain all the agreements, conditions, understandings, representations and warranties made between the parties hereto with respect to the subject matter hereof, and may not be modified orally or in any manner other than by an agreement in writing signed by both parties hereto to their respective successors in interest.

45. CORPORATE TENANT. If Tenant is a corporation, each individual executing Lease on behalf of such corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of such corporation in accordance with the duly adopted resolution of the Board of Directors of such corporation or in accordance with the by-laws of such corporation, and that this Lease is binding upon such corporation in accordance with its terms.

46. SECURITY DEPOSIT. At or before the commencement of the Lease term, Tenant shall deposit with Landlord or Landlord's agent a security deposit of ($30,000.00). The security deposit shall be held by Landlord or Landlord's agent in an interest-bearing account as security for the full and faithful performance by Tenant of all of the terms, covenants and provisions of this Lease during the term hereof.

In the event Tenant fails to keep and perform any of the terms, covenants or provisions of this Lease, then Landlord, at Landlord's option, upon five (5) days advance written notice to Tenant, may appropriate and apply the security deposit, or so much thereof as may be necessary to pay any rent or other sums due hereunder for which Tenant shall be in default of payment. Tenant, upon notice from Landlord, shall immediately remit to Landlord an amount sufficient to restore this security deposit to the amount required to be maintained in accordance with this Article. Upon Tenant's full and complete performance and compliance with all of the terms, covenants and provisions of this Lease during the Lease term, upon the expiration of the term and Tenant's proper surrender of the Premises, the security deposit shall be returned to Tenant.

In the event of the sale of the Building, Landlord may deliver the security deposit to the purchaser, and upon such delivery. Landlord shall be discharged from any further liability with respect to the security deposit.

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease and have initialed the exhibits and any riders hereto, in counterparts the day and year first above written.

LANDLORD:

Spring Way Center, LLC

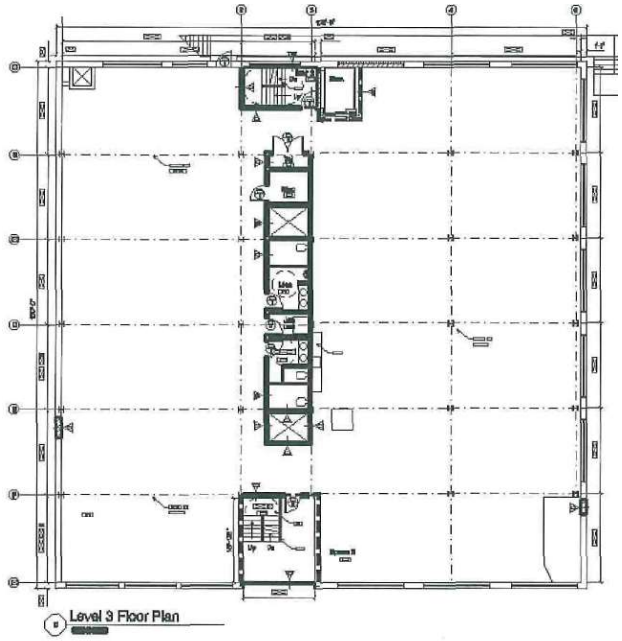
Witness:_____ By /s/[illegible] 10/10/2007
Date

TENANT:

RedPath Integrated Pathology, Inc.

Witness:_____ By /s/[illegible] 10/10/2007
Date

EXHIBIT A - Diagram of Leased Premises



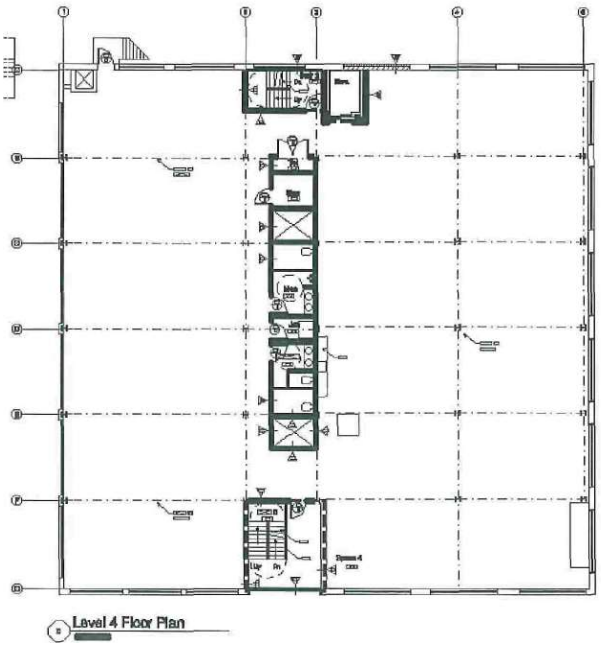


EXHIBIT B - Rental Payment Schedule

March 1, 2008 to February 28, 2011	$28,333.33 per month
March 1, 2011 to February 28, 2013	$30,000.00 per month

LEASE RENEWAL

between

SPRING WAY CENTER, LLC

and

REDPATH INTEGRATED PATHOLOGY, INC.

This constitutes a Two (2) Year lease renewal for office/lab space leased by Spring Way Center, LLC (Lessor) to RedPath Integrated Pathology, Inc. (Tenant).

Lessor has let unto Tenant and Tenant has hired from said Lessor all that office/lab space designated as the entire 3rd and 4th floors comprising approximately 20,000 gross square feet of floor space in a building situated at 2515 Liberty Avenue (Spring Way Center), Pittsburgh, Pennsylvania 15222 under the same terms and conditions as previous lease ending dated February 28, 2013 except:

1. That the lease renewal term shall be Twenty-Four (24) months commencing on the First day of April, 2013 and to terminating on the Thirty First day of March, 2015.

2. That said Tenant shall pay the total rent of Seven Hundred Thirty Six Thousand Dollars payable in monthly installments in advance of the first day of each and every month during the term aforesaid as follows:

   a. $30,666.67 monthly commencing April 1st, 2013 for a period of 24 months

3. That rent is due and payable in monthly installments in advance and without notice, demand or set off; provided, that if said monthly rental is not paid on or before the 7th day of the month, a monthly penalty of Nine Hundred Dollars shall be due and payable as additional rent for each such month and every month that said rent is delinquent as outlined in Section 7 of the original lease dated 10/10/2007.

4. All other terms and conditions of the prior lease arc included herein as though set forth in full, including but not limited to the provisions permitting for the proportional allocation of operating and real estate tax increases, the confession of judgment for rent and possession as though resigned by the execution hereof and the current Rules and Regulations, which are a part of the lease and a copy of which is appended hereto.

(Signature page follows)

(Tenant) REDPATH INTEGRATED PATHOLOGY, INC.

By/s/ Dennis M. Smith, Jr., M.D. 4/3/2013
Dennis M. Smith, Jr., M.D.Date
President and CEO

Attest/s/ James A. DelSignore
James A. DelSignore

(Lessor) SPRING WAY CENTER, LLC

By/s/[illegible]
Date

Attest /s/ Warren [illegible]

Agent for S.W.C.

THIS RENEWAL IS NOT BINDING UNLESS SIGNED BY THE OWNER.

LEASE AGREEMENT

By and Between

WE 2 CHURCH STREET SOUTH LLC, LANDLORD

And

JS GENETICS, LLC, TENANT

2 Church Street South, New Haven, Connecticut

LEASE AGREEMENT

THIS AGREEMENT is made as of the28th day of June, 2006, by and between WE 2 CHURCH STREET SOUTH LLC, a Connecticut limited partnership having an address of c/o Winstanley Enterprises LLC, 150 Baker Avenue Extension, Suite 303, Concord, Massachusetts 01742 ("Landlord"), and JS GENETICS, LLC, a Delaware limited liability company, having an address at 2 Church Street South, Suite B-05B, New Haven, Connecticut 06519 ("Tenant").

IT IS AGREED:

ARTICLE I

Premises and Term

Section 1.1. Leased Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord certain space situated in the Town of New Haven, County of New Haven and State of Connecticut, being known as Unit B-05B (the "Premises"), said Premises consisting of approximately 429 rentable square feet located in the building at 2 Church Street South, New Haven, Connecticut (the "Building") and as shown on **Exhibit B** attached hereto.

Section 1.2. Common Areas and Parking . Tenant shall have the nonexclusive rights in common with other tenants in the Building, to all common areas and reception areas in and around the Building (the "Common Area"). Tenant shall also be granted the license, in common with other tenants in the Building, to the parking areas immediately adjacent to the Building for use by Tenant, its employees, agents and invitees on a first-come, first-serve basis for parking and passage of motor vehicles. Landlord reserves the right to close all or any portion of the parking areas, to limit or allocate parking among tenants, to impose a charge for the license to park, or to construct a building or other structures in any location on the property, in which event such areas shall cease to be part of the Common Area.

Section 1.3. Term. The term of this Lease shall be for a period of one (1) year (the "Term"). The Term shall commence at 12:01 A.M. on July 1,2006 ("Commencement Date") and shall terminate at 11:59 P.M. on June 30,2007 (the "Termination Date"), unless sooner terminated pursuant to the terms of this Lease.

Section 1.4. Relocation. Landlord, at its expense, may in its sole discretion, relocate Tenant from the Premises to space that is reasonably comparable hi layout, size, finishes and fixtures ("Relocation Space") within the Building upon ninety (90) days' prior written notice to Tenant. From and after the date of the relocation, "Premises" shall refer to the Relocation Space into which Tenant has been moved and the Basic Rent payable during the current term shall be adjusted based on the rentable square footage of the Relocation Space. Landlord may, by letter to Tenant, identify the Relocation Space and adjust the Basic Rent accordingly, provided that such letter shall not materially change the other provisions of the Lease, including, without limitation, the term or any extension term. Landlord shall pay Tenant's reasonable costs for moving Tenant's furniture and equipment.

ARTICLE II

Rent

Section 2.1. Basic Rent During Term. The Basic Rent for the first year of the Term of the Lease (running from the Commencement Date to the first anniversary thereof) shall be Nine Thousand Four Hundred Thirty Eight and 00/100 Dollars ($9,438.00) for the Premises. Throughout the Term of the Lease, the Basic Rent for any given year of the Term shall be due and payable in monthly installments each equal to one-twelfth the Basic Rent for that year, in advance, on the first day of each calendar month in the year. The monthly rent shall be Seven Hundred Eighty Six and 50/100 Dollars ($786.50) for the Premises.

Section 2.2. Additional Rent. Any and all payments payable by Tenant under this Lease, other than Basic Rent, shall be deemed additional rent ("Additional Rent"), and Landlord reserves the same rights and remedies against Tenant for default in making any such payments as Landlord shall have for default in the payment of Basic Rent, including, but not limited to, the right to seek and recover such payments as rent under any applicable provisions of the United States Bankruptcy Code. Basic Rent and Additional Rent shall be sometimes referred to as "Rent".

Section 2.3. No Notice and No Setoff. Tenant shall make all payments of Basic Rent, Additional Rent and any other payments provided for in this Lease without notice, demand, set-off or counterclaim of any kind whatsoever, including money judgments, except as otherwise set forth herein and except that if this Lease requires Tenant to make a particular payment only after notice from Landlord, Tenant shall be entitled to such notice.

Section 2.4. Place of Payment. Payment of Basic Rent and Additional Rent shall be made to Landlord at Landlord's address first written above or to such other person, legal entity or address as the Landlord shall designate by thirty (30) days prior written notice to the Tenant. Should Tenant not pay Landlord any Basic Rent or Additional Rent, as herein defined, within ten (10) days after the date due, Tenant shall be liable for a late charge equal to *5%* of the Rent and interest on the amount due at the rate of 12% per annum (or, if less, the highest rate allowed by law) from the date due until paid.

Section 2.5. Personal Property Taxes. Tenant shall pay before delinquency all personal property taxes assessed and levied against Tenant's personal property, including trade fixtures and inventory, on the Premises.

ARTICLE III

Use

Section 3.1. Use of Premises. Tenant covenants and agrees that during the Term, the Premises shall be used as solely for office and laboratory services.

Section 3.2. Unlawful Purpose. Tenant will not use or allow the Premises or any part thereof to be used or occupied for any unlawful purpose or in violation of any Certificate of Occupancy or certificate of compliance covering the use of the Premises or any part thereof, or in violation of any permit or license connected with the use of the Premises or any part thereof, and will not suffer any act to be done or any condition to exist on the Premises or any part thereof or which may, in law, constitute a nuisance, public or private, or which may make void or voidable any insurance then in force with respect thereto. Tenant shall be solely responsible at its own expense for obtaining any permits or licenses necessary for the operation of its business at the Premises, and shall provided Landlord with copies upon request.

Section 3.3. Compliance With Laws and Regulations. Throughout the term of this Lease, Tenant will promptly comply with all laws, ordinances, orders, rules, regulations and requirements of all Federal, State and municipal governments, departments, commissions, boards and officers applicable to Tenant's use of the Premises, as now in force or from time to time enacted or amended; including, without limitation, regulations relating to the operation of a medical office and the disposal of medical waste.

Section 3.4. Waste. Tenant will not do or suffer any waste or damage, disfigurement or injury to any portion of the Premises.

Section 3.5. Rubbish. Tenant agrees to keep all rubbish in closed containers and to keep the areas to the rear, front and sides of the Premises free from boxes, cartons, and rubbish, including specifically all hallways, stairways and Common Areas in the Building. Tenant will have all Tenant's rubbish, medical waste, solid waste and liquid waste removed from the Premises in a lawful manner at its own expense. Tenant shall hire Landlord or its designee to remove such rubbish, at Tenant's expense (but the prices charged for this service shall be reasonable).

ARTICLE IV

Quiet Enjoyment

Landlord covenants and warrants that, except as provided in this Lease, Landlord and no other person or entity has any right in or to the Premises.

ARTICLE V

Condition. Alterations and Repairs

Section 5.1. Representation. Tenant acknowledges that the taking of possession of the Premises by Tenant shall be conclusive evidence that the Premises were in satisfactory condition at the time such possession was taken. The parties hereby agree that no rights, easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in the provisions of this Lease.

Section 5.2. Maintenance. Tenant, at its own expense, shall keep the Premises (including all improvements that may from time to time be thereon) neat and clean, and shall take good care of the Premises and the fixtures and appurtenances therein, including but not limited to HVAC, plumbing, carpet and other floor covering, paint, and plate glass. All damage or injury to the Premises and to its fixtures, appurtenances and equipment, or to the Building if caused by the Tenant or due to the neglect or other improper conduct of the Tenant, its servants, employees, agents or licensees, shall be repaired and restored by Tenant at Tenant's sole cost and expense. Landlord shall have no responsibility to make any repairs to the Premises or for the cost thereof, except Landlord will keep the roof, exterior walls, gutters, waterspouts and parking areas and other Common Areas of the property containing the Premises in good condition and repair, reasonable wear and tear excepted, and will promptly make all structural-repairs as necessary.

Section 5.3. Alterations and Improvements by Tenant. Tenant shall make no changes, alterations or additions to the Premises without the prior written permission of the Landlord. Landlord agrees not to withhold unreasonably its consent for Tenant to make renovations necessary for the operation of Tenant's business. Tenant shall submit plans and specifications for any such improvements to Landlord and obtain Landlord's written consent prior to commencing any such work. All such work shall be performed in a good and workmanlike manner and shall be in compliance with all applicable governmental laws and regulations. Tenant shall be solely responsible at its own expense for obtaining any permits required for any renovations. Landlord shall not be liable for any failure of any building facilities or services (including, but not limited to, the heating or air conditioning equipment in the Premises) caused by alterations, installations and/or additions by Tenant, and Tenant shall promptly correct any such failure. In the event Tenant shall not promptly correct same, Landlord may make such corrections and charge Tenant for the cost thereof. Such sum due Landlord shall be deemed additional rent and shall be paid by Tenant promptly upon being billed thereof.

Prior to commencing any work pursuant to the provision of this Paragraph. Tenant shall furnish to Landlord: (i) copies of all governmental permits and authorizations which may be required in connection with such work; (ii) a certificate evidencing that Tenant (or Tenant's contractors) has (have) procured workers' compensation insurance covering all persons employed in connection with the work who might assert claims for death or bodily injury against Landlord, Tenant or the Premises; and (iii) such additional personal injury and property damage insurance (over and above the insurance required to be carried by Tenant pursuant to the provisions of this Lease) as Landlord may reasonably require because of the nature of the work to be done by Tenant.

Section 5.4. Tenant's Failure to Repair. If Tenant fails to perform, for a period of thirty (30) days after written notice Landlord, any obligation required to be performed by Tenant under this Lease (other than payment of Basic Rent or Additional Rent), Landlord, on the expiration of such thirty (30) days, may, but shall not be obligated to, enter on the Premises to perform such obligation of Tenant, and Tenant shall pay Landlord the reasonable out-of pocket costs so incurred by Landlord, to the extent such were the financial responsibility of Tenant pursuant to this Lease, as Additional Rent, in addition to any other amounts payable by Tenant

under this Lease. In the event of an emergency, Landlord may correct any such default after notice to Tenant but prior to the expiration of the thirty (30) day period, if Tenant fails to take immediate action to correct such default

Section 5.5. Liens. Tenant shall indemnify and save the Landlord harmless from any claims for material or labor, or workers* compensation claims in connection with any repairs or improvements made by Tenant, and Tenant shall have no authority on behalf of Landlord to give anyone the right to place a Hen on the Premises or any part thereof, and should any such lien be placed, Tenant shall have the same removed promptly; and upon failure to do so, Landlord may take whatever steps are necessary to have the same removed and the reasonable cost thereof shall be paid by Tenant to Landlord.

ARTICLE VI

Utilities and Services

Section 6.1. Tenant Responsibilities. Tenant shall pay all charges for all utilities used, rented or supplied upon or in connection with the Premises, with the exception of electric, water, gas and sewer charges. Tenant agrees that its use of electric current shall not exceed the capacity of the existing feeders or the risers or wiring installation. Tenant shall bear the cost of installing any additional service required for Tenants equipment. Tenant agrees not to use any electrical or gas equipment which, in Landlord's judgment, shall overload the installations in the Building or interfere with the use thereof by other tenants.

Section 6.2. Landlord Supplies Services. So long as Tenant is not in default under any of the provisions of this Lease, the Landlord shall furnish at its expense, insofar as the existing facilities permit, services as follows:

(a) Hot and cold water in reasonable quantities;

(b) Heat and air conditioning to reasonable temperatures during the hours of 7:00 A.M. until 7:00 P.M. Monday through Friday, and 7:00 A.M. until 5:00 P.M. on Saturday, except on federally recognized holidays;

(c) Janitorial services and maintenance of the Building and the Common Areas;

(d) Removal of ice, snow and debris from the Common Areas, including, but not limited to, walkways, parking lots, and other paved surfaces.

Section 6.3. Failure of Supply . Landlord shall in no way be liable or responsible to Tenant for any loss, damage or expense which Tenant may sustain or incur by reason of any failure, inadequacy or defect in the character, quantity or supply of electric energy, heat, cooling, water or other such services furnished to the Premises, provided Landlord shall use commercially reasonable efforts to restore such service.

ARTICLE VII

Insurance and Indemnification

Section 7.1. Extended Coverage. Tenant shall be responsible for insuring the personal property or fixtures belonging to Tenant and located on the Premises.

Section 7.2. Public Liability Insurance. At all times during the Term, Tenant shall maintain at its sole cost and expense insurance against claims for personal injury or property damage under a policy of general public liability insurance with limits of at least One Million Dollars ($1,000,000) for injury to anyone person or One Million Dollars ($1,000,000) for any one accident. Such policy shall name Landlord and Landlord's property manager as an additional insured.

Section 7.3. Release of Subrogation.

(a) Each party covenants and agrees to obtain from its insurance carrier a waiver of subrogation rights against the other, with the provision that if there is any extra cost for the same, the party benefited by such waiver shall be afforded an opportunity to pay the extra cost and receive the benefit of the waiver; and

(b) In case of damage to the Premises or to any other property of Landlord or Tenant by any cause within the scope of such insurance, whether such damage be caused by the negligence of either party to this Lease or by any party for whom either party to this Lease may be responsible, neither party to this Lease will look to the other, its agents, employees, invitees or assignees for reimbursement to its insurer or to any third party against whom it may have a claim therefor. This subsection shall be effective as to the risks insured against under any particular insurance policy only during such time as such policy shall permit an executory waiver of subrogation without additional premium therefor or if the party benefited by such waiver pays any additional premium.

Section 7.4. Certificates of Insurance. Tenant shall, if requested by Landlord, provide Landlord with certificates of insurance certifying that all insurance required to be carried by Tenant under the terms of this Lease is in full force and effect. No less than ten (10) days before the expiration of any such insurance policy, Tenant shall furnish Landlord with a new certificate of insurance certifying that such policy has been renewed or replaced.

Section 7.5. Qualification of Insurers. AH insurance provided for in this Lease shall be effected under enforceable policies issued by insurers of recognized responsibility, licensed to do business in the State of Connecticut.

Section 7.6. Indemnification. Tenant shall defend, indemnify and save harmless Landlord and its agents, officers, directors, and employees against and from all liabilities, suits, actions, damages, liability and expense, penalties, claims and costs, including attorneys' fees, which may be imposed upon or incurred by or asserted against Landlord or its agents, partners or employees by reason of, or in any way arising out of, Tenant's use or

occupancy of the Premises or any part thereof or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees, servants, invitees, licensees or concessionaires, including, without limitation, any liability relating to Tenant's use, storage, transfer or disposal of hazardous wastes and hazardous substances (as those terms are defined by applicable state and federal law).

In case any action or proceeding is brought against Landlord by reason of any such claim, Tenant, upon written notice from Landlord, shall, at Tenant's expense, resist or defend such action or proceeding.

ARTICLE VIII

Destruction and Condemnation

Section 8.1. Partial Damage. The parties agree that, in case the Premises (structures only) shall be partially damaged by flood, fire, tornado, explosion, windstorm, or by the elements or otherwise at any time during the term of this Lease and the cost to repair such damage does not exceed $30,000, then Landlord shall, (to the extent covered by insurance), promptly repair the Premises. All such repairs shall be completed in a good and workmanlike manner. Until such repairs are completed the rent shall be abated in proportion to the part of the Premises which is unusable by the Tenant in the conduct of its business. All insurance proceeds attributable to the Premises (as opposed to any property of the Tenant or improvements installed by the Tenant located therein) will be paid and belong to Landlord.

Section 8.2. Destruction. In the event that the Premises shall be damaged or destroyed and the cost to repair such damage shall exceed $30,000, or if the entire building shall be materially damaged, then, at the option of the Landlord, this Lease shall terminate and become null and void and of no further force and effect, in which event, the rent thereafter payable by Tenant hereunder shall abate in full and Tenant shall be relieved of all other covenants, promises and agreements herein made and to have been thereafter performed. If the Landlord elects not to terminate this Lease upon such damage or destruction, Landlord shall abate the rent and perform repairs according to Section 8.1 above. AJ1 insurance proceeds attributable to the Premises (as opposed to any property of the Tenant or improvements installed by the Tenant located therein) will be paid and belong to Landlord.

Section 8.3. Taking of Less Than All . If at any time during the term of this Lease any portion of the land on which the Premises are situated shall be taken in any eminent domain or condemnation proceeding, and such taking does not affect the access to the Premises and does not materially affect the present use of the Premises, then this Lease shall nevertheless continue for the remainder of the term and the rent shall be equitably adjusted. Any condemnation award shall be distributed in the same manner as under Section 8.4.

Section 8.4. Taking of All. If at any time during the term of this Lease any greater portion of the Premises than that described in Section 8.3 shall be taken by the exercise of the right of condemnation or eminent domain or for any public or quasi-public use under any statute, this Lease shall terminate and expire on the date that Tenant shall be deprived of

possession by the taking authority, and the Basic Rent and Additional Rent provided to be paid by Tenant shall be apportioned and paid to the date of such taking. In such event, any award received or sum accepted by a compromise disposition or otherwise, on or as a result of such condemnation or taking, shall be distributed to the Landlord only. Tenant shall have the right to file and receive compensation for moving expenses and costs or loss to which Tenant might be put in removing Tenant's equipment, but not the leasehold or any improvements on the Premises.

ARTICLE IX

Waiver of Priority and Relationship of Parties

Section 9.1. Subordination. This Lease shall be and is subordinate to any and all existing or future mortgages or underlying groundleases which may now or hereafter affect the Building or the real property of which the Premises form apart. Landlord agrees to use commercially reasonable efforts to obtain non-disturbance agreements from any such mortgagees or groundlessors. This clause shall be self-operative and no further instrument of subordination shall be required by any mortgagee. In confirmation of such subordination, Tenant shall execute any certificate that Landlord may request to confirm such waiver and surrender of rights or priority. The word "mortgage" used herein includes mortgages, deeds of trust or other similar instruments, and modifications, extensions, renewals and replacements thereof and any and all advances thereunder.

Section 9.2. Statement of Defaults. Tenant shall, from time to time upon request by Landlord, execute and deliver to Landlord within twenty (20) days of such request, a written declaration in recordable form: (1) ratifying this Lease; (2) expressing the commencement and termination dates thereof; (3) certifying that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (4) that all conditions under this Lease to be performed by Landlord have been satisfied, or stating those alleged to remain unsatisfied; (5) the amount of advance rent, if any, paid by Tenant; (6) the date to which rent has been paid; and (7) those elements necessary to record a statutory notice of lease. Landlord's mortgage lenders shall be entitled to rely upon the same.

Section 9.3. No Joint Venture. Notwithstanding any obligation from one party to the other herein, the parties hereto state that they have not created and do not intend to create by this Lease a Joint Venture or Partnership relation between them; it being their sole purpose and intent to create only a Landlord-Tenant relationship.

ARTICLE X

Entry and Access

Section 10.1. Entry by Landlord. . Tenant will permit Landlord and/or its authorized representative's to enter the Premises at all reasonable times and after reasonable notice (except in the event emergency repairs are required) for the following purposes: (1) inspecting the same; or (2) making any necessary repairs thereto, and performing any work

therein that may be necessary by reason of Tenant's failure to make any such repairs or perform any such work. Nothing herein shall be deemed or construed as a duty upon the part of Landlord to do any such repairs upon Tenant's default in failing to perform the same. Landlord agrees to conduct such right of entry in such a manner as to minimize interference with the conduct of Tenant's business.

Section 10.2. Entry by Tenant. Landlord will permit Tenant and/or its authorized representatives to enter and leave the Premises at all times, for the carrying out of its business.

ARTICLE XI

Default

Section 11.1. Default. Landlord shall have the right to terminate this Lease upon the following events:

(a) Failure of Tenant to pay any Basic Rent or Additional Rent upon the expiration of (10) days after the date when due and payable;

(b) Neglect or failure by Tenant to perform or observe any of the covenants or undertakings herein on its part to be performed or observed and failure to remedy such default within thirty (30) days after written notice thereof to it by Landlord or, if the failure to observe or perform such covenant or undertaking cannot be remedied within 30 days, failure to commence such remedy within 30 days and thereafter to pursue such remedy diligently;

(c) Any general assignment is made of Tenant's property for the benefit of creditors;

(d) If a receiver, trustee or assignee for Tenant shall be appointed;

(e) If Tenant shall be declared bankrupt or insolvent according to law; or

(f) If any bankruptcy proceedings shall be commenced by or against Tenant and are not discharged within sixty (60) days; or

(g) If the Premises become vacant or deserted for a period of thirty (30) days; or

(h) If this Lease shall be assigned or the Premises sublet other than in accordance with the terms of this Lease.

Section 11.2. Landlord's Remedies. Landlord shall have the following remedies if Tenant commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

A. Lease Continues. Landlord can continue this Lease in full force and effect, and the Lease will continue in effect as long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to collect rent when due. During the period Tenant is in default, Landlord can enter the Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, attorneys fees, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Tenant shall pay to Landlord the rent due under this Lease on the dates the rent is due, less the rent Landlord receives from any reletting. No act by Landlord allowed by this subparagraph shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease.

B. Termination: Right of Possession. Landlord can terminate Tenant's right to possession of the Premises by giving notice to Tenant at any time. No act by Landlord other than giving notice of termination to Tenant shall terminate this Lease, in which event this Lease shall terminate as completely as if that were the date herein fixed for the expiration of the term of the Lease, and the Tenant shall surrender the Premises to Landlord. On termination, Landlord has the right to recover from Tenant: (a) the worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this Lease; (b) the worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; (c) the worth, at the time of the award, of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and (d) any other amount, including attorneys fees and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default "The worth, at the time of the award" as used in subsections (a) and (b) of this subparagraph, is to be computed by allowing interest at the rate of 12% per annum. "The worth, at the time of the award," as referred to in subsection (c), is to be computed by discounting the amount at the prime rate of JPMorgan Chase or a similar bank reasonably selected by Landlord at the time of the award, plus 1%.

Section 11.3. Non-Waiver. Landlord's failure to act upon breach of any of the covenants of this Lease by Tenant shall in no way constitute a waiver of the rights of Landlord, at any time in the future, to act upon such default; nor shall any such failure to act prevent Landlord from acting in the event of any other or further breach of Tenant's covenants. No provision of this Lease shall be deemed to have been waived unless such waiver be in writing signed by Landlord. No payment by Tenant or receipt by Landlord of a lesser amount than the Basic Rent or Additional Rent then due shall be deemed other than on account of the earliest rent then unpaid, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided for in this Lease.

Section 11.4. Landlord's Right to Cure. If Tenant shall fail to comply fully with any of its obligations under this Lease, then Landlord shall have the right, at its option, to cure

such breach at Tenant's expense. Tenant agrees to reimburse Landlord (as additional rent), promptly upon demand, for all costs and expenses incurred as a result thereof, together with interest at the maximum rate permitted by law.

ARTICLE XII

Termination and Surrender

Section 12.1. Condition of Premises. Upon expiration or other termination of this Lease, Tenant shall;

(b) Quit and surrender the Premises broom clean, in as good condition as reasonable use and wear thereof will permit, damage by fire or other casualty excepted.

(c) Remove from the Premises its goods and effects and those of all persons claiming under Tenant, such goods and effects to include but not be limited to all appliances, shelving and all other equipment, stock and materials which Tenant may have installed in, or brought upon, the Premises; provided, however, that Tenant shall, at its own expense, repair all damage to the Premises by reason of such removal.

All repairs, alterations, other improvements or installations made to or upon the Premises, which are so attached to the realty that the same will be by law deemed to be a part of the realty, shall be the property of Landlord and remain upon, and be surrendered with, the Premises upon the termination of the term of this Lease. Notwithstanding the foregoing, all trade fixtures, and signs, whether by law deemed to be a part of the realty or not, installed by Tenant at any time or anyone claiming under Tenant, shall remain the property of Tenant or persons claiming under Tenant and may be removed by the Tenant or anyone claiming under Tenant at any time or times during the Term, provided Tenant shall repair any damage to the Premises or Building caused by such removal.

Section 12.2. Holding Over. If Tenant shall hold over after the expiration or earlier termination of this Lease, Tenant shall pay as use and occupancy for each month or fraction thereof during which Tenant shall hold over, such sum as may be deemed appropriate by Landlord, but in any event not less than 150% of the Base Rent and Additional Rent payable in the year immediately preceding such expiration or earlier termination. The aforesaid payment shall be in addition to, and not to the exclusion of, any other remedy or payment that may be available to Landlord under this Lease or at law, including, without limitation, damages for holding over. Nothing in this Section is intended to limit the remedy of eviction.

ARTICLE XIII

Miscellaneous Provisions

Section 13.1. Entire Agreement. This Agreement contains the entire understanding of the parties. There are no oral understandings, terms or conditions, and no party has relied upon any representation, express or implied, not contained in this Agreement.

Section 13.2. Amendments. This Agreement may not be amended, modified, altered or changed in any respect whatsoever except by a further agreement in writing, fully executed by each of the parties hereto.

Section 13.3. Construction. The parties agree that this document shall not be construed more severely against one of the parties than the other.

Section 13.4. Captions. The captions of this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision hereof.

Section 13.5. Notice. Any notice, demand, offer or other written instrument (‘“Notice”) required or permitted to be given, made or sent under this Lease shall be in writing, signed by or on behalf of the party giving such Notice and shall be hand delivered or sent, postage prepaid, by Registered or Certified Mail, Return Receipt Requested, or Federal Express or similar overnight delivery, addressed as follows:

TO LANDLORD:	WE 2 Church Street South LLC c/o Winstanley Enterprises LLC 150 Baker Avenue Extension, Suite 303 Concord, MA 01742
TO TENANT:	JS Genetics, LLC 2 Church Street South Suite B-05B New Haven, CT 06519

Either party may change its address set forth in this Section by giving Notice to the other party in accordance with this Section.

Section 13.6. Effective Pate of Notice. The effective date of any Notice shall be the earlier of the date of the addressee’s receipt of such Notice, or the third day following deposit in the United States Mail, or if by overnight delivery, the day following deposit with such overnight courier. Notwithstanding the foregoing, inability to deliver because of a changed address of which no notice was given or rejection or other refusal to accept shall be deemed to be the receipt of the notice as of the date of such inability to deliver, rejection or refusal to accept.

Section 13.7. Notice of Lease. This Lease shall not be recorded, but a Notice of Lease may be recorded by either Landlord or the Tenant. All governmental charges attributable to the execution or recording of this Notice shall be paid by the party requiring the recording of this Notice.

Section 13.8. Counterparts. This Agreement may be executed in one or more copies, each of which shall be deemed an original.

Section 13.9. Partial Invalidity. The invalidity of one or more of the phrases, sentences, clauses, Sections or Articles contained in this Agreement shall not affect the remaining

portions so long as the material purposes of this Agreement can be determined and effectuated. If any portion of this Agreement may be interpreted in two or more ways, one of which would render the portion invalid or inconsistent with the rest of this Agreement, it shall be interpreted to render such portion valid or consistent

Section 13.10. Successors. This Agreement shall be binding upon and inure to the benefit of the parties and to their respective heirs, personal representatives, successors and assigns.

Section 13.11. Number and Gender. Any reference to the masculine gender shall be deemed to include the feminine and neuter genders, and vice versa, and any. reference to the singular shall include the plural, and vice versa, unless the context otherwise requires.

Section 13.12. Connecticut Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Connecticut.

Section 13.13. Force Majeure. Except as otherwise specifically provided elsewhere, in this Agreement, in any case where either party hereto is required to do any act (other than Tenant's obligation to pay Basic Rent or Additional Rent under this Lease), the time for such performance shall be extended by the period of delays caused by fire or other casualty, weather conditions, labor difficulties, shortages of labor, materials or equipment, government regulations or other causes beyond the reasonable control of such party.

Section 13.14. No Broker. Tenant hereby represents and agrees that it has neither communicated nor dealt with any real estate broker or agent in connection with the Premises or the transaction contemplated herein and that no other broker or agent is entitled to any commission or any other remuneration on account of this transaction. Tenant agrees that if it has communicated or dealt with any real estate broker or agent who makes a claim for commission in connection with this transaction, then the Tenant shall indemnify and hold the Landlord harmless against any costs or expenses, including the costs of defense, resulting from any such claim.

Section 13.15. Rules and Regulations. Tenant agrees to comply with the Rules and Regulations, if any, annexed hereto as **Exhibit A** and made a part hereof, and with such further reasonable rules and regulations as Landlord may from time to time make for the management and use of the Building and the Premises, provided that any such further rules and regulations do not unreasonably (i) increase Tenant's obligations or liabilities; or (ii) decrease Tenant's rights or remedies, or Landlord's obligations.

Section 13.16. Limitations of Assets Liable For Collection of Judgment. If Landlord or any successor hi interest be an individual, limited liability company, corporation, joint venture, tenancy in common, limited or general partnership, or other unincorporated aggregate of individuals or a mortgagee (all of which are herein referred to individually and collectively as "Landlord"), then anything elsewhere in this Lease to the contrary notwithstanding, Tenant shall look solely to the estate and property of such Landlord in the Building of which the Premises are a part and the proceeds therefrom for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) requiring the

payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants, and conditions of the Lease to be observed and/or performed by Landlord, and no other property or assets of such Landlord, or of any member, shareholder, officer, director or partner of Landlord, shall be subject to levy, execution, or other enforcement procedure for the satisfaction of Tenant's remedies.

Section 13.17. Transfer of Landlord's Interest. The obligations of Landlord under this Lease shall not be binding upon Landlord with respect to any period subsequent to the transfer of its interest in the Building, and in the event of such transfer, said obligations shall thereafter be binding upon each transferee of the interest of Landlord, but only with respect to the period ending with a subsequent transfer to another transferee.

Section 13.18. Assignment of Lease. Tenant may not at any time assign or sublet any or all part of the Premises without the Landlord's prior consent, which consent shall not be unreasonably withheld.

Section 13.19. Signs. Tenant shall not place any sign on the Premises without the consent of Landlord, which consent shall be at Landlord's sole discretion and which signs must conform to Building standard.

Section 13.20. Hazardous Materials. Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically or chemically active or other hazardous substances or materials. Tenant shall not allow the storage or use of such substances or materials hi any manner not sanctioned by law or by the highest standards prevailing hi the industry for the storage and use of such substances or materials, nor allow to be brought into the Premises or Building or land on which the Building is located any such materials or substances except to use in the ordinary course of Tenant's business, and then only after written notice is given to Landlord of the identity of such substances or materials. Without limitation, hazardous substances and materials shall include those described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 D.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, as amended, 42 D.S.C. Section 6901 et seq., any applicable state or local laws and the regulations adopted under these acts. In all events, Tenant shall indemnify Landlord and its agents and employees in the manner elsewhere provided in this Lease from any release of hazardous materials on the Premises occurring while Tenant is in possession (except to the extent caused by Landlord or its agents, employees or contractors), or elsewhere if caused by Tenant or persons acting under Tenant. The within covenants shall survive the expiration or earlier termination of the term of this Lease.

Section 13.21. Waiver of Notice to Quit. Tenant waives the right to a formal demand to leave the premises upon expiration of this Lease by lapse of time, known as a "Notice to Quit", or any other form of notice under §47a-25 of the Connecticut General Statutes, should Landlord use summary process to evict Tenant or regain possession of the Leased Premises.

Section 13.22. Waiver of Jury Trial, THE LANDLORD AND TENANT DO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR.

COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER

Section 13.23. Preiudgment Remedy Waiver. TENANT HEREBY REPRESENTS, COVENANTS AND AGREES THAT THE TRANSACTION OF WHICH THIS LEASE IS A PART IS A "COMMERCIAL TRANSACTION" AS DEFINED BY THE STATUTES OF THE STATE OF CONNECTICUT. TENANT HEREBY WAIVES ALL RIGHTS TO NOTICE AND PRIOR COURT HEARING OR COURT ORDER UNDER CONNECTICUT GENERAL STATUTES, SECTIONS 52-278a et seq., AS AMENDED, OR UNDER ANY OTHER STATE OR FEDERAL LAW WITH RESPECT TO ANY AND ALL PREJUDGMENT REMEDIES LANDLORD MAY EMPLOY TO ENFORCE ITS RIGHTS AND REMEDIES HEREUNDER. MORE SPECIFICALLY, TENANT ACKNOWLEDGES THAT LANDLORD'S ATTORNEY MAY, PURSUANT TO CONNECTICUT GENERAL STATUTES SECTION 52-278f, ISSUE A WRIT FOR A PREJUDGMENT REMEDY WITHOUT SECURING A COURT ORDER.

Section 13.24. Authorization. If the Tenant herein is a corporation, limited liability company, general partnership, limited partnership or other entity other than an individual, by initialing this section, the person signing on behalf of the Tenant represents that he/she is authorized to act on behalf of the Tenant, that the Tenant has full power and authority to enter into the Lease, that the Tenant has provided to Landlord sufficient documentation necessary to evidence such authority, that the corporation, LLC, partnership or other entity has been duly formed and is in good standing in the State of Connecticut and that sufficient documentation evidencing such existence and good staging, and any other information reasonably requested by Landlord, has been provided to Landlord by Tenant.

_____[illegible]_____(Initial by Tenant representative,
or mark N/A if Tenant is an individual)

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURES FOLLOW*]

Signed and dated as of the date first written above.

LANDLORD:

WE 2 CHURCH STREET SOUTH LLC

By: WE Church Manager LLC
Its Manager

By: Winstanley Enterprises LLC
Its Manager

By: /s/ Carter J. Winstanley
Name: Cater J. Winstanley
Its: Manager

TENANT:

JS GENETICS, LLC

By: /s/ Richard Champagne
Name: Richard Champagne
Its: President/CEO

EXHIBIT A

Rules and Regulations

Tenant shall observe all reasonable rules and regulations established by Landlord from time to time for the Building, provided Tenant shall be given at least five (5) days' notice thereof, which rules and regulations, when so made and notice thereof given to the Tenant in: writing, shall have the same force and effect as if Originally made part of the Lease. Landlord shall not be responsible to Tenant for the non-compliance by other tenants or occupants of the Building of any such Rules.

Initial rules and regulations, to be added to and amended from time to time as aforesaid, are as follows:

(a) The sidewalk, entry halls, passages, lobbies, staircases and elevators shall not be obstructed, or used for any other purpose than for ingress and egress, and the Tenant shall only place rubbish, garbage and waste for disposal as the Landlord may direct

(b) No bicycle or other vehicle, and no animal or bird, shall be brought into the offices, halls, corridors, elevators or any other parts of the Building.

(c) The toilet rooms, water-closets, urinals and other water apparatus shall not be used for any purposes other than those for which they were constructed, and no improper substance or article shall be thrown therein.

(d) No one shall mark, paint or drill into or in any way deface the walls, ceilings, partitions, floors, wood, stone or iron work; and no nails, hooks or screws shall be driven or inserted in any part of the walls or woodwork of the Building without the Landlord's consent which shall not be unreasonably withheld.

(e) If the Tenant desires electric, telegraphic, computer or telephone connections, the Landlord will direct the electricians as to where and how the wires are to be introduced, and without such direction no boring or cutting for wires will be permitted. No television or radio antennas and no washing machines or dryers will be permitted.

(f) No sign, advertisement, notice or device shall be inscribed, painted or displayed on any part of the outside or inside of the Building, except with the written permission of the Landlord and of such color, size and style and in such places upon or in the Building as shall be first designated by the Landlord.

(g) No lettering on doors or windows shall be done by any workmen or artisans except as may be designated by the Landlord.

(h) The Tenant shall not do or permit anything to be done in said Premises, or bring or keep anything therein or permit anything to be brought or kept therein, which shall in any way increase the rate of insurance on the Building, or on the property kept therein; nor use the Premises, or any part thereof, nor suffer or permit their use, for any business

of such character as to increase the rate of insurance on the Building or on the property kept therein.

(i) The Tenant shall not permit any objectionable odor to escape or be emitted from the Premises, or do anything or permit anything to be done upon said Premises in-any way tending to create a nuisance, or tending to disturb other tenants of said building or the occupants of neighboring property,

(j) Safes, heavy equipment, furniture, boxes or other bulky articles shall be carried up into the Premises only with the written-consent of the Landlord first obtained, and then only by means of the elevators, by the stairways or through the windows of the Building as the Landlord may direct in writing, and at such times as the Landlord may direct. Safes and other heavy articles shall be placed by the Tenant in such places only as may be first specified in writing by the Landlord, and any damage done to the Building or to tenants or to other persons by taking a safe or other heavy article in or out of the Premises, from overloading a floor, or in any other manner, shall be paid for by the Tenant.

(k) No person may be employed by the Tenant to do janitor work in said Premises and no persons other than the janitors of the Building shall clean said Premises unless the Landlord shall consent in writing thereto.

(l) The Landlord may retain a passkey to the Premises and be allowed admittance .thereto at all times to enable its representatives to examine said Premises from tune to time to maintain and repair the same, and to exhibit the same to applicants to hire.

(m) No awnings are to be installed by the Tenant either inside or outside of the windows, nor shall any article be placed or kept by the Tenant on the ledge of any window.

(n) Nothing shall be thrown out of the windows or doors, or down the passages of the Building.

(o) Water on the said Premises shall not be wasted by tying or wedging back the faucets of the washbowls or otherwise.

(p) Ice, mineral water, towels and toilet supplies shall be obtained only from such persons as may be satisfactory to the Landlord.

(q) The Tenant shall not disturb other occupants of this or any adjoining building or premises by the use of any musical instrument, unseemly noises, whistling, singing or in any other way.

(r) The Tenant agrees not to procure any duplicate keys to be made (all necessary keys will be furnished by the Landlord) but if more than two keys for any door-lock shall be desired, the additional number must be paid for by the Tenant. Upon the termination of this Lease, the Tenant shall surrender to the Landlord all keys of the Premises.

All such rules and regulations hereinabove set forth and hereinafter made by the Landlord shall govern the Tenant and the Tenant’s agents, employees, business guests and invitees and the Tenant shall be responsible for their observance thereof.

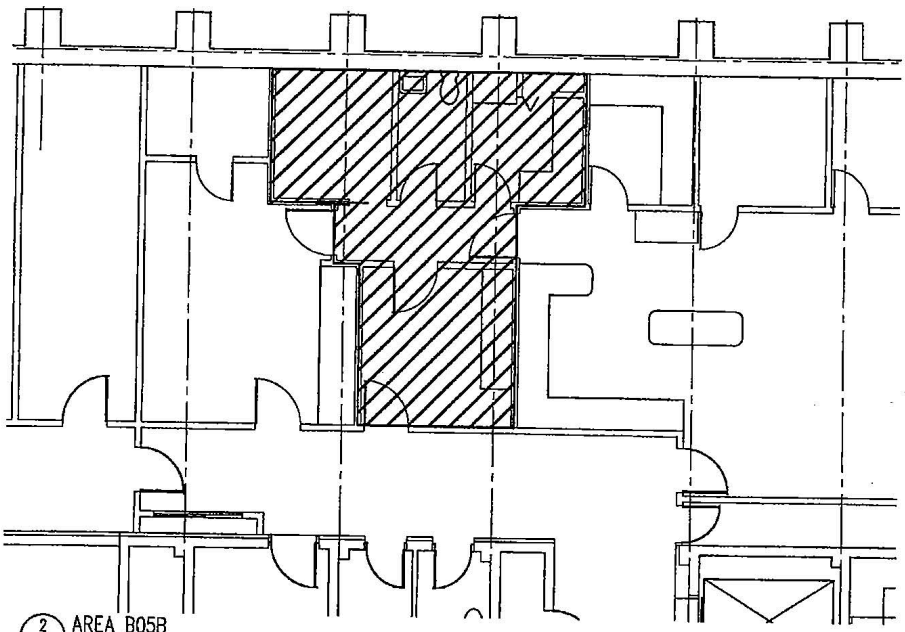
EXHIBIT B

See attached.

84 Orange Street
New Haven
Connecticut 06510
203 786-5110

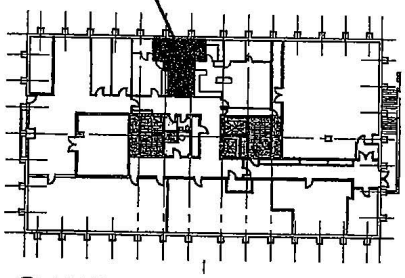
ARCHITECTS

SVIGALS
+ PARTNERS



2 AREA B05B
L101 1/8" = 1'-0"

AREA B05B



1 LOCATION PLAN – BASEMENT LEVEL
L101 NTS

AREA CALCULATIONS:

RENTABLE AREA:
AREA B05B: 429 S.F

DRAWING TITLE		SCALE:	DRAWING NO:
LOCATION/AREA PLAN		NTS	L101
		DATE: 05/31/06	
FILE NO:	JOB NAME: DOCTOR'S BUILDING - 2 CHURCH STREET SOUTH NEW HAVEN, CT	JOB NO: 0334.07	PAGE NO: –

WINSTANLEY ENTERPRISES, LLC

AMENDMENT NO. 1 TO LEASE

THIS AMENDMENT NO. 1 TO LEASE (this "Amendment") is made and entered into as of the 18 th day of September, 2007 by and between Landlord and Tenant named below:

LANDLORD:	WE 2 Church Street South LLC c/o Winstanley Enterprises LLC 150 Baker Avenue Extension, Suite 303 Concord, Massachusetts 01742
TENANT:	JS Genetics, LLC 2 Church Street South, Unit B-05B New Haven, Connecticut
BUILDING:	2 Church Street South New Haven, CT 06519

WHEREAS, Landlord, and Tenant executed a lease dated as of June 28, 2006 (the "Lease"), by which Tenant leased approximately 429 square feet of the Building known as Unit B-05B (the "Premises"); and

WHEREAS, Landlord has agreed to lease to Tenant additional space and Landlord and Tenant have agreed to extend the Term of the Lease on the terms and conditions set forth below.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Capitalized terms used but not defined herein shall have the meaning ascribed to each in the Lease.

2. Landlord has agreed to lease to the Tenant the existing 429 square feet of the Building from July 1, 2007 through September 30, 2007 on a month-to-month basis at the rate, terms and condition last paid.

3. Landlord has agreed to lease to Tenant an additional 938 rentable square feet known as Suite B-5 making the aggregate rentable square footage for the Premises for Suite B-05B and Suite B-5, 1,367 rentable square feet.

4. Section 1.3 - Term. The Term is hereby deleted in its entirety and amended to read as follows: The term of the Lease shall be for a period of one (1) year (the "Term"). The Term shall commence on October 1, 2007 ("Commencement Date") and shall terminate on September 30, 2008 (the "Termination Date"), unless sooner terminated pursuant to the terms of the Lease.

5. Section 2.1 - Basic Rent During Term. The Basic Rent during Term is hereby deleted in its entirety and amended to read as follows: The Basic Rent for the term of the extension, October 1, 2007 through September 30, 2008 shall be Thirty Thousand Seventy Four and 00/100 Dollars ($30,074.00) per year for the Premises. Throughout the Term of the Lease, the Basic Rent for any given year of the Term shall be due and payable in monthly installments each equal to one-twelfth the Basic Rent for that year, in advance, on the first day of each calendar month. The monthly rent shall be Two Thousand Five Hundred Six and 17/100 Dollars ($2,506.17) for the Premises.

6. The following Section is hereby added to the Lease:

"Article XIII, Section 13.25 - Extension of the Term

"Provided that Tenant is not in default under the Lease beyond the expiration of applicable notice and cure periods on the date Tenant delivers Tenant's Renewal Notice (as hereinafter defined) or at any time thereafter through the commencement date of the Renewal Term (as hereinafter defined), Tenant shall have one option (the "Renewal Option") to renew the Lease for one (1) one (1) year term (such one year term a "Renewal Term") at the rent and upon the terms set forth in this Amendment in the preceding paragraph referencing Section 2.1 - Basic Rent During Term. Tenant shall exercise the Renewal Option by delivering notice to Landlord ("Tenant's Renewal Notice ") exercising the Renewal Option no later than ninety (90) days prior to the scheduled Termination Date. In the event that Tenant shall fail to deliver Tenant's Renewal Notice in accordance with the provisions hereof, Tenant shall be deemed to have forever waived its right to exercise the Renewal Option. In the event Tenant does not timely and properly exercise the Renewal Option, Tenant shall, promptly following request by Landlord, execute and deliver a statement confirming that the Renewal Option has been waived (provided that failure to deliver said statement shall not be construed to mean that Tenant has properly exercised the Renewal Option)."

7. Landlord agrees to perform the following repair work at Suite B-5: repair sheet rock walls, paint, remove copper line installed by prior Tenant, and repair drawers and cabinets.

8. Landlord and Tenant represent and warrant to the other that each has full authority to enter into this Amendment No. 1 to Lease and further agree to hold harmless, defend, and indemnify the other from any loss, costs (including reasonable attorneys' fees), damages, or claim arising from any lack of such authority.

9. As modified herein, the Lease is hereby ratified and confirmed and shall remain in full force and effect.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*]

IN WITNESS WHEREOF, the LANDLORD and TENANT have signed this Amendment No. 1 to Lease as of the day and year first above written.

LANDLORD:

WE 2 CHURCH STREET SOUTH LLC

By: WE Church Manager LLC
Its Manager

/s/ Deborah A. Sweeney
Witness Deborah A. Sweeney

By: Winstanley Enterprises LLC
Its Manager

/s/ Judy Sommers
Witness Judy Sommers

By: /s/ Carter J. Winstanley
Carter J. Winstanley
Its Manager

TENANT:
JS GENETICS, LLC

Witness

/s/ Richard Champagne
Name: Richard Champagne
Its: CEO

Witness

SIGNATURE PAGE TO [Signature page to Amendment No. 1 to Lease by and between WE 2 Church Street South LLC and JS Genetics, LLC]

AMENDMENT NO. 2 TO LEASE

THIS AMENDMENT NO. 2 TO LEASE (this "Amendment") is made and entered into as of the 29 th day of August, 2008 by and between Landlord and Tenant named below:

LANDLORD:	WE 2 Church Street South LLC c/o Winstanley Enterprises LLC 150 Baker Avenue Extension, Suite 303 Concord, Massachusetts 01742
TENANT:	JS Genetics, LLC 2 Church Street South, Unit B-05B and Suite B-5 New Haven, Connecticut
BUILDING:	2 Church Street South New Haven, CT 06519

WHEREAS, Landlord, and Tenant executed a lease dated as of June 28, 2006 (the "Lease"), by which Tenant leased approximately 429 square feet of the Building known as Suite B-05B (the "Premises"); and

WHEREAS, the Lease was subsequently amended by Amendment No. 1 to Lease between Landlord and Tenant dated as of September 18, 2007 by which the term of the Lease was extended and Tenant leased an additional 938 rsf of space known as Suite B-5, making the aggregate rentable square feet of the Premises 1,367 rsf; and

WHEREAS, Landlord and Tenant have agreed to increase the Base Rent per rentable square foot and extend the Term of the Lease and otherwise modify the Lease on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Capitalized terms used but not defined herein shall have the meaning ascribed to each in the Lease.

2. The Term of the Lease is hereby extended on the same terms and conditions set forth therein, as modified herein, until September 30, 2009.

3. The Base Rent will be increased to $23.00 per rsf in an amount equal to $2,620.08 per month (equivalent to $31,441.00 per annum).

4. Landlord and Tenant represent and warrant to the other that each has full authority to enter into this Amendment No. 2 to Lease and further agree to hold harmless, defend, and indemnify the other from any loss, costs (including reasonable attorneys' fees), damages, or claim arising from any lack of such authority.

5. Tenant takes the Premises for the extended term "as is".

6. As modified herein, the Lease is hereby ratified and confirmed and shall remain in full force and effect.

{REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the LANDLORD and TENANT have signed this Amendment No. 2 to Lease as of the day and year first above written.

LANDLORD:

WE 2 CHURCH STREET SOUTH LLC

By: WE Church Manager LLC
Its Manager

/s/ Deborah A. Sweeney
Witness Deborah A. Sweeney

By: Winstanley Enterprises LLC
Its Manager

/s/ Judy Sommers By: /s/ Carter J. Winstanley
Witness Judy Sommers Carter J. Winstanley
Its Manager

TENANT:
JS GENETICS, LLC

[illegible]
Witness

/s/ Scott Rivkees
Name: Scott Rivkees

[illegible] Its:
Witness

SIGNATURE PAGE TO [Signature page to Amendment No. 2 to Lease by and between WE 2 Church Street South LLC and JS Genetics, LLC]

AMENDMENT NO. 3 TO LEASE

THIS AMENDMENT NO. 3 TO LEASE (this "Amendment") is made and entered into as of the 8th day of April, 2009 by and between Landlord and Tenant named below:

LANDLORD:	WE 2 Church Street South LLC c/o Winstanley Enterprises LLC 150 Baker Avenue Extension, Suite 303 Concord, Massachusetts 01742
TENANT:	JS Genetics, LLC 2 Church Street South New Haven, Connecticut
BUILDING:	2 Church Street South New Haven, CT 06519

WHEREAS, Landlord, and Tenant executed a lease dated as of June 28, 2006 (the "Lease"), by which Tenant leased approximately 429 rentable square feet of the Building known as Suite B-05B (the "Premises"); and

WHEREAS, the Lease was subsequently amended by Amendment No. 1 to Lease between Landlord and Tenant dated as of September 18, 2007 by which the term of the Lease was extended and Tenant leased an additional 938 rentable square feet of space known as Suite B-5, making the aggregate rentable square footage of the Premises 1,367 rentable square feet; and

WHEREAS, the Lease was subsequently amended by Amendment No. 2 to Lease between Landlord and Tenant dated as of August 29, 2008 by which the Base Rent was increased and the Term of the Lease was extended; and

WHEREAS, Landlord and Tenant have agreed to increase the Base Rent per rentable square foot and extend the Term of the Lease and otherwise modify the Lease on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Capitalized terms used but not defined herein shall have the meaning ascribed to each in the Lease.

2. The Term of the Lease is hereby extended on the same terms and conditions set forth therein, as modified herein, until September 30, 2010.

3. The Base Rent for the renewal year, October 1, 2009 through September 30, 2010 shall remain at $23.00 per rentable square foot.

4. Landlord and Tenant represent and warrant to the other that each has full authority to enter into this Amendment No. 3 to Lease and further agree to hold harmless, defend, and indemnify the other from any loss, costs (including reasonable attorneys' fees), damages, or claim arising from any lack of such authority.

5. Tenant takes the Premises for the extended term "as is".

6. As modified herein, the Lease is hereby ratified and confirmed and shall remain in full force and effect.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK - SIGNATURE PAGE TO FOLLOW*]

IN WITNESS WHEREOF, the LANDLORD and TENANT have signed this Amendment No. 3 to Lease as of the day and year first above written.

LANDLORD:

WE 2 CHURCH STREET SOUTH LLC

By: WE Church Manager LLC
Its Manager

/s/ Deborah A. Sweeney
Witness Deborah A. Sweeney

By: Winstanley Enterprises LLC
Its Manager

/s/ Pamela M D'Ambrosio
Witness Pamela M D'Ambrosio

By: /s/ Carter J. Winstanley
Carter J. Winstanley
A Manager

TENANT:
JS GENETICS, LLC

Witness

/s/ Alidad Mireskandari
Name: Alidad Mireskandari
Its: President, CEO

Witness

[Signature page to Amendment No. 3 to Lease by and between WE 2 Church Street South LLC and JS Genetics, LLC]

AMENDMENT NO. 4 TO LEASE

THIS AMENDMENT NO. 4 TO LEASE (this "Amendment") is made and entered into as of the 16 th day of September, 2010 by and between Landlord and Tenant named below:

LANDLORD:	WE 2 Church Street South LLC c/o Winstanley Enterprises LLC 150 Baker Avenue Extension, Suite 303 Concord, Massachusetts 01742
TENANT:	JS Genetics, LLC 2 Church Street South New Haven, Connecticut
BUILDING:	2 Church Street South New Haven, CT 06519

WHEREAS, Landlord, and Tenant executed a lease dated as of June 28, 2006 (the "Lease"), by which Tenant leased approximately 429 rentable square feet of the Building known as Suite B-05B (the "Premises"); and

WHEREAS, the Lease was subsequently amended by Amendment No. 1 to Lease between Landlord and Tenant dated as of September 18, 2007, whereunder the term of the Lease was extended and Tenant leased an additional 938 rentable square feet of space known as Suite B-5, making the aggregate rentable square footage of the Premises 1,367 rentable square feet; and

WHEREAS, the Lease was subsequently amended by Amendment No. 2 to Lease between Landlord and Tenant dated as of August 29, 2008, whereunder the Base Rent was increased and the Term of the Lease was extended; and

WHEREAS, the Lease was subsequently amended by Amendment No. 3 to Lease between L **a**ndlord and Tenant dated as of April 8, 2009, whereunder the Base Rent was increased and the Term of the Lease was extended; and

WHEREAS, Landlord and Tenant have agreed to further extend the term of the Lease, add a Tenant Termination Right clause and otherwise modify the Lease on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Capitalized terms used but not defined herein shall have the meaning ascribed to each in the Lease.

2. The Term of the Lease is hereby extended, on the same terms and conditions set forth therein, as modified herein, until September 30, 2011.

3. The following Section is hereby added to Article XII: Termination and Surrender:
"Section 12.3 - Termination of Lease . Tenant shall have the right to terminate this Lease upon sixty (60) day written notice to Landlord. The expiration of the Term, whether by lapse of time or otherwise, shall not relieve either party of any obligations which accrued prior to or which may continue to accrue after the expiration or early termination of this Lease, and the terms and provisions of this Lease, to the extent relevant, shall survive and continue to govern and apply to the relationship of Landlord and Tenant."

4. Landlord and Tenant represent and warrant to the other that each has full authority to enter into this Amendment and further agree to hold harmless, defend, and indemnify the other from any loss, costs (including reasonable attorneys' fees), damages, or claim arising from any lack of such authority.

5. Tenant takes the Premises for the extended term "as is".

6. As modified herein, the Lease is hereby ratified and confirmed and shall remain in full force and effect.

7. Landlord and Tenant hereby represent and warrant to the other that each has not dealt with any broker, finder or like agent in connection with this Amendment and each does hereby agree to indemnify and hold the other, its agents and their officers, directors, shareholders, members, partners and employees, harmless of and from any claim of, or liability to, any broker, finder or like agent claiming a commission or fee by reason of having dealt with either party in connection with the negotiation, execution or delivery of this Amendment, and all expenses related thereto, including, without limitation, reasonable attorneys' fees and disbursements.

8. This Amendment constitutes the entire agreement by and between the parties hereto and supersedes any and all previous agreements, written or oral, between the parties. No modification or amendment of this Amendment shall be effective unless the same shall be in writing and signed by the parties hereto. The provisions of this Amendment shall inure to the benefit of, and be binding upon, the parties hereto and their respective legal representatives, successors and assigns.

9. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. This Amendment shall become effective when duly executed and delivered by all parties hereto.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK - SIGNATURE PAGE TO FOLLOW*]

IN WITNESS WHEREOF, the LANDLORD and TENANT have signed this Amendment No. 4 to Lease as of the day and year first above written.

LANDLORD:

WE 2 CHURCH STREET SOUTH LLC

By: WE Church Manager LLC
Its Manager

/s/ Judy Sommers
Witness Judy Sommers

By: Winstanley Enterprises LLC
Its Manager

/s/ Pamela M D'Ambrosio By: /s/ Carter J. Winstanley
Witness Pamela M D'Ambrosio Carter J. Winstanley
A Manager

TENANT:
JS GENETICS, LLC

[illegible]
Witness

[illegible]
Name:

[illegible] Its:
Witness

[Signature page to Amendment No. 4 to Lease by and between WE 2 Church Street South LLC and JS Genetics, LLC]

AMENDMENT NO. 5 TO LEASE

THIS AMENDMENT NO. 5 TO LEASE (this "Amendment") is made and entered into as of the 15 th day of September, 2011 by and between Landlord and Tenant named below:

LANDLORD:	WE 2 Church Street South LLC c/o Winstanley Enterprises LLC 150 Baker Avenue Extension, Suite 303 Concord, Massachusetts 01742
TENANT:	JS Genetics, LLC 2 Church Street South New Haven, Connecticut
BUILDING:	2 Church Street South New Haven, CT 06519

WHEREAS, Landlord, and Tenant executed a lease dated as of June 28, 2006 (the "Lease"), by which Tenant leased approximately 429 rentable square feet of the Building known as Suite B-05B (the "Premises"); and

WHEREAS, the Lease was subsequently amended by Amendment No. 1 to Lease between Landlord and Tenant dated as of September 18, 2007, whereunder the term of the Lease was extended and Tenant leased an additional 938 rentable square feet of space known as Suite B-5, making the aggregate rentable square footage of the Premises 1,367 rentable square feet; and

WHEREAS, the Lease was subsequently amended by Amendment No. 2 to Lease between Landlord and Tenant dated as of August 29, 2008, whereunder the Base Rent was increased and the Term of the Lease was extended; and

WHEREAS, the Lease was subsequently amended by Amendment No. 3 to Lease between Landlord and Tenant dated as of April 8, 2009, whereunder the Base Rent was increased and the Term of the Lease was extended; and

WHEREAS, the Lease was subsequently amended by Amendment No. 4 to Lease between Landlord and Tenant dated as of September 16, 2010, whereunder the Term of the Lease was extended; and

WHEREAS, Landlord and Tenant have agreed to further extend the term of the Lease and otherwise modify the Lease on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Capitalized terms used but not defined herein shall have the meaning ascribed to each in the Lease.

2. The Term of the Lease is hereby extended, on the same terms and conditions set forth therein, as modified herein, until September 30, 2012.

3. Landlord and Tenant represent and warrant to the other that each has full authority to enter into this Amendment and further agree to hold harmless, defend, and indemnify the other from any loss, costs (including reasonable attorneys' fees), damages, or claim arising from any lack of such authority.

4. Tenant takes the Premises for the extended term "as is".

5. As modified herein, the Lease is hereby ratified and confirmed and shall remain in full force and effect.

6. Landlord and Tenant hereby represent and warrant to the other that each has not dealt with any broker, finder or like agent in connection with this Amendment and each does hereby agree to indemnify and hold the other, its agents and their officers, directors, shareholders, members, partners and employees, harmless of and from any claim of, or liability to, any broker, finder or like agent claiming a commission or fee by reason of having dealt with either party in connection with the negotiation, execution or delivery of this Amendment, and all expenses related thereto, including, without limitation, reasonable attorneys' fees and disbursements.

7. This Amendment constitutes the entire agreement by and between the parties hereto and supersedes any and all previous agreements, written or oral, between the parties. No modification or amendment of this Amendment shall be effective unless the same shall be in writing and signed by the parties hereto. The provisions of this Amendment shall inure to the benefit of, and be binding upon, the parties hereto and their respective legal representatives, successors and assigns.

8. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. This Amendment shall become effective when duly executed and delivered by all parties hereto.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK-SIGNATURE PAGE TO FOLLOW*]

IN WITNESS WHEREOF, the LANDLORD and TENANT have signed this Amendment No. 5 to Lease as of the day and year first above written.

LANDLORD:

WE 2 CHURCH STREET SOUTH LLC

By: WE Church Manager LLC
Its Manager

/s/ Pamela M D'Ambrosio
Witness Pamela M D'Ambrosio

By: Winstanley Enterprises LLC
Its Manager

/s/ Judy Sommers By: /s/ Carter J. Winstanley
Witness Judy Sommers Carter J. Winstanley
A Manager

TENANT:
JS GENETICS, LLC

/s/ Karl Hager
Witness Karl Hager

/s/ Alidad Mireskandari
Name: Alidad Mireskandari
Its: President

Witness

[Signature page to Amendment No. 5 to Lease by and between WE 2 Church Street South LLC and JS Genetics, LLC]

AMENDMENT NO. 6 TO LEASE

THIS AMENDMENT NO. 6 TO LEASE (this "Amendment") is made and entered into as of the 5th day of March, 2014 by and between Landlord and Tenant named below:

LANDLORD:	WE 2 Church Street South LLC c/o Winstanley Enterprises LLC 150 Baker Avenue Extension, Suite 303 Concord, Massachusetts 01742
TENANT:	JS Genetics, LLC 2 Church Street South New Haven, Connecticut 06519
BUILDING:	2 Church Street South New Haven, CT 06519

WHEREAS, Landlord, and Tenant executed a lease dated as of June 28, 2006 (the "Lease"), by which Tenant leased approximately 429 rentable square feet of the Building known as Suite B-05B (the "Premises"); and

WHEREAS, the Lease was subsequently amended by Amendment No. 1 to Lease between Landlord and Tenant dated as of September 18, 2007 by which the term of the Lease was extended and Tenant leased an additional 938 rentable square feet of space known as Suite B-5, making the aggregate rentable square footage of the Premises 1,367 rentable square feet; and

WHEREAS, the Lease was subsequently amended by Amendment No. 2 to Lease between Landlord and Tenant dated as of August 29, 2008 by which the Base Rent was increased and the Term of the Lease was extended; and

WHEREAS, the Lease was subsequently amended by Amendment No. 3 to Lease between Landlord and Tenant dated as of April 8, 2009, whereunder the Base Rent was increased and the Term of the Lease was extended, and

WHEREAS, the Lease was subsequently amended by Amendment No. 4 to Lease between Landlord and Tenant dated as of September 16, 2010, whereunder the Term of the Lease was extended, and

WHEREAS, the Lease was subsequently amended by Amendment No. 5 to Lease between Landlord and Tenant dated as of September 15, 2011, whereunder the Term of the Lease was extended, and

WHEREAS, Landlord and Tenant have agreed to further extend the term of the Lease and otherwise modify the Lease on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Capitalized terms used but not defined herein shall have the meaning ascribed to each in the Lease.

2. The Base Rent for the period commencing March 1,2014 through December 31, 2014 shall be $25.00 per rentable square foot.

3. Tenant shall have a one time option to renew this lease for a one year term at the existing rental rate provided that Tenant notifies Landlord in writing no later than September 1, 2014 of its intent to exercise this option to renew.

4. Landlord and Tenant represent and warrant to the other that each has full authority to enter into this Amendment No. 6 to Lease and further agree to hold harmless, defend, and indemnify the other from any loss, costs (including reasonable attorneys' fees), damages, or claim arising from any lack of such authority.

5. Tenant takes the Premises for the extended term "as is".

6. As modified herein, the Lease is hereby ratified and confirmed and shall remain in full force and effect.

7. Landlord and Tenant hereby represent and warrant to the other that each has not dealt with any broker, finder or like agent in connection with this Amendment and each does hereby agree to indemnify and hold the other, its agents and their officers, directors, shareholders, members, partners and employees, harmless of and from any claim of, or liability to, any broker, finder or like agent claiming a commission or fee by reason of having dealt with either party in connection with the negotiation, execution or delivery of this Amendment, and all expenses related thereto, including, without limitation, reasonable attorneys' fees and disbursements.

8. This Amendment constitutes the entire agreement by and between the parties hereto and supersedes any and all previous agreements, written or oral, between the parties. No modification or amendment of this Amendment shall be effective unless the same shall be in writing and signed by the parties hereto. The provisions of this Amendment shall inure to the benefit of, and be binding upon, the parties hereto and their respective legal representatives, successors and assigns.

9. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. This Amendment shall become effective when duly executed and delivered by all parties hereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK-SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the LANDLORD and TENANT have signed this Amendment No. 6 to Lease as of the day and year first above written.

LANDLORD:

WE 2 CHURCH STREET SOUTH LLC

By: WE Church Manager LLC
Its Manager

By: Winstanley Enterprises LLC
Its Manager
By: /s/ Carter J. Winstanley
Carter J. Winstanley
A Manager

TENANT:
JS GENETICS, LLC

/s/ Alidad Mireskandari, Ph.D.
Name: Alidad Mireskandari, Ph.D.
Its: President

Witness /s/ Lisa M. Finch
Lisa M. Finch
Notary Public
Connecticut
My commission expires Mar 31, 2018

[Signature page to Amendment No. 6 to Lease by and between WE 2 Church Street South LLC and JS Genetics, LLC]

AMENDMENT NO. 7 TO LEASE

THIS AMENDMENT NO. 7 TO LEASE (this "Amendment") is made and entered into as of the 29th day of August, 2014 by and between Landlord and Tenant named below:

LANDLORD:	WE 2 Church Street South LLC c/o Winstanley Enterprises LLC 150 Baker Avenue Extension, Suite 303 Concord, Massachusetts 01742
TENANT:	JS Genetics, LLC 2 Church Street South New Haven, Connecticut 06519
BUILDING:	2 Church Street South New Haven, CT 06519

WHEREAS, Landlord, and Tenant executed a lease dated as of June 28, 2006 (the "Lease"), by which Tenant leased approximately 429 rentable square feet of the Building known as Suite B-05B (the "Premises"); and

WHEREAS, the Lease was subsequently amended by Amendment No. 1 to Lease between Landlord and Tenant dated as of September 18, 2007 by which the term of the Lease was extended and Tenant leased an additional 938 rentable square feet of space known as Suite B-5, making the aggregate rentable square footage of the Premises 1,367 rentable square feet; and

WHEREAS, the Lease was subsequently amended by Amendment No. 2 to Lease between Landlord and Tenant dated as of August 29, 2008 by which the Base Rent was increased and the Term of the Lease was extended; and

WHEREAS, the Lease was subsequently amended by Amendment No. 3 to Lease between Landlord and Tenant dated as of April 8, 2009, whereunder the Base Rent was increased and the Term of the Lease was extended, and

WHEREAS, the Lease was subsequently amended by Amendment No. 4 to Lease between Landlord and Tenant dated as of September 16, 2010, whereunder the Term of the Lease was extended, and

WHEREAS, the Lease was subsequently amended by Amendment No. 5 to Lease between Landlord and Tenant dated as of September 15, 2011, whereunder the Term of the Lease was extended, and

WHEREAS, the Lease was subsequently amended by Amendment No. 6 to Lease between Landlord and Tenant dated as of March 5, 2014, whereunder the Term of the Lease was extended, and

WHEREAS, Landlord and Tenant have agreed to further extend the term of the Lease and otherwise modify the Lease on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows;

1. Capitalized terms used but not defined herein shall have the meaning ascribed to each in the Lease.

2. Landlord and Tenant acknowledge and agree that Tenant has provided written notice of its intent to exercise its one-time option to renew the Lease for a one year term at the existing rental rate.

3. The Base Rent for the period commencing January 1, 2015 through December 31, 2015 shall be $25.00 per rentable square foot.

4. Landlord and Tenant represent and warrant to the other that each has full authority to enter into this Amendment No. 7 to Lease and further agree to hold harmless, defend, and indemnify the other from any loss, costs (including reasonable attorneys* fees), damages, or claim arising from any lack of such authority.

5. Tenant takes the Premises for the extended term “as is”.

6. As modified herein, the Lease is hereby ratified and confirmed and shall remain in full force and effect.

7. Landlord and Tenant hereby represent and warrant to the other that each has not dealt with any broker, finder or like agent in connection with this Amendment and each does hereby agree to indemnify and hold the other, its agents and their officers, directors, shareholders, members, partners and employees, harmless of and from any claim of, or liability to, any broker, finder or like agent claiming a commission or fee by reason of having dealt with either party in connection with the negotiation, execution or delivery of this Amendment, and all expenses related thereto, including, without limitation, reasonable attorneys’ fees and disbursements.

8. This Amendment constitutes the entire agreement by and between the parties hereto and supersedes any and all previous agreements, written or oral, between the parties. No modification or amendment of this Amendment shall be effective unless the same shall be in writing and signed by the parties hereto. The provisions of this Amendment shall inure to the benefit of, and be binding upon, the parties hereto and their respective legal representatives, successors and assigns.

9. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. This Amendment shall become effective when duly executed and delivered by all parties hereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK-SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the LANDLORD and TENANT have signed this Amendment No. 7 to Lease as of the day and year first above written.

LANDLORD:

WE 2 CHURCH STREET SOUTH LLC

By: WE Church Manager LLC
Its Manager

By: Winstanley Enterprises LLC
Its Manager
By: /s/ Carter J. Winstanley
Carter J. Winstanley
A Manager

TENANT:
JS GENETICS, LLC

/s/ Jeffrey Smith
Name: Jeffrey Smith
Its: CFO

[Signature page to Amendment No. 7 to Lease by and between WE 2 Church Street South LLC and JS Genetics, LLC]

Exhibit 21.1

PDI, Inc.

Subsidiaries

Group, DCA, LLC, a Delaware limited liability company, is a wholly-owned subsidiary of PDI, Inc.

Interpace BioPharma, LLC, a New Jersey limited liability company, is a wholly-owned subsidiary of PDI, Inc.

Interpace Diagnostics, LLC, a Delaware limited liability company, is a wholly-owned subsidiary of PDI, Inc.

Interpace Diagnostics Corporation, a Delaware corporation, is a wholly-owned subsidiary of Interpace Diagnostics, LLC.

JS Genetics, Inc., a Delaware corporation, is a wholly-owned subsidiary of Interpace Diagnostics, LLC.

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

PDI, Inc.
Parsippany, New Jersey

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (No. 333-61231, 333-60512, 333-123312, 333-177969, and 333-201070) of PDI, Inc. of our report dated March 5, 2015, relating to the consolidated financial statements and financial statement schedule, which appear in the Annual Report to Shareholders, which is incorporated by reference in this Annual Report on Form 10-K.

/s/BDO USA, LLP

Woodbridge, New Jersey
March 5, 2015

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Nancy S. Lurker, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2014 of PDI, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 5, 2015

/s/ Nancy S. Lurker
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Graham G. Miao, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2014 of PDI, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 5, 2015

/s/ Graham G. Miao
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of PDI, Inc. (the "Company") on form 10-K for the fiscal year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nancy S. Lurker, as Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 5, 2015

/s/ Nancy S. Lurker
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of PDI, Inc. (the "Company") on form 10-K for the fiscal year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Graham G. Miao, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 5, 2015

/s/ Graham G. Miao
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.