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align: left; font-style: normal; width: 18pt">7) The total approximate consideration of \$265,000 will not change regardless of the number warrants and options that are ultimately converted at closing, the ultimate amount of assumed debt associated with Jamba Juice Company's line of credit, and the ultimate amount of transaction expenses through closing.

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SACI is providing this information to aid you in your analysis of the financial aspects of the Transaction. Since the transaction is complex and the outcome is contingent on the options selected by the various shareholders, warrant holders and optionees, we have provided a summary of the accounting effects of the transaction in two steps, although the revaluation of assets and liabilities to fair value and other pro forma adjustments will occur simultaneously with the transaction. The following is a summary of the process used to reflect the purchase accounting and pro forma adjustments in the attached unaudited pro forma condensed financial statements:

On pages 131 and 135, the balance sheet of Jamba Juice Company, as of March 31, 2006 is adjusted to reflect the pro forma adjustments related to Jamba Juice Company and the purchase price adjustments that will be recorded, in order to show the estimated fair value of the purchased assets and assumed liabilities. The total column "Jamba Juice Pro Forma" represents the fair value of the assets purchased and liabilities assumed, and it approximates the subsidiary books of Jamba Juice Company after the close of the transaction.

The pro forma condensed consolidated balance sheet of SACI is shown on pages 130 and 134. The first column named SACI represents SACI's balance sheet as of March 31, 2006 (as restated). The following column shows the effect of the planned private placement. This column reflects the effects of the possible redemption of public stockholders' shares, see further note on pages 139 and 142. The total from pages 130 and 134, "Jamba Juice Pro Forma" is carried over to pages 131 and 135. The column headed "Closing transaction" represents (i) actual net cash being paid to the shareholders of Jamba Juice Company, after deducting the amounts warrant and option holders will owe for the exercise of their warrants and options, (ii) payment for the outstanding transaction expenses, and (iii) recording of the assumption of vested and non-vested options and warrants as per our estimates. The column "Consolidation entry" represents the entry that will be made in the post-merger company's consolidation to eliminate purchased equity against the purchase price recorded in the parent company's books as investment in subsidiary.

The unaudited pro forma condensed combined financial statements are based on the estimates and assumptions set forth in the notes to such statements, which are preliminary and have been made solely for purposes of developing such pro forma information. The unaudited pro forma condensed financial statements described above should be read in conjunction with the historical financial statements of Jamba Juice Company and SACI and the related notes thereto. The unaudited pro forma information is not necessarily indicative of the financial position or results of operations that may have actually occurred had the Transaction taken place on the dates noted, or the future financial position or operating results of the combined company.

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PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE QUARTER ENDED MARCH 31, 2006

(In thousands, except for share data)

	SACI	Jamba Juice	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Company stores	\$ —	\$ 49,365	\$ —	\$ 49,365
Franchise revenue		2,060		2,060
Total revenue	—	51,425	—	51,425
Operating expenses:				
Cost of sales and related occupancy costs		19,212		19,212
Store operating expense		21,319		21,319
Other operating expense		1,664		1,664
Depreciation and amortization		3,054	35 b	3,089
General and administrative expense	174	7,371	531 a	8,076
Store pre-opening expense		371		371
Franchise support expense		649		649
Loss on asset impairment, store closures and disposals		685		685
Gift certificate breakage		(1,399)		(1,399)
Loss from operations	(174)	(1,501)	(566)	(2,241)
Loss on derivative liabilities	(59,985)			(59,985)
Interest income (expense)	901	(315)	—	586
Total other expense	(59,084)	(315)	—	(59,399)
Net loss before tax	(59,258)	(1,816)	(566)	(61,640)
Income tax expense (benefit)	39	(647)	(212)c	(820)
Net loss	\$ (59,297)	\$ (1,169)	\$ (354)	\$ (60,820)
Weighted average shares outstanding	Basic			51,880
	Diluted			51,880
Loss per share	Basic			\$ (1.17)
	Diluted			\$ (1.17)

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

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WITH MAXIMUM APPROVAL
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2005

(In thousands, except for share data)

	SACI	Jamba Juice	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Company stores	\$ —	\$ 229,955	\$ —	\$ 229,955
Franchise revenue		8,056		8,056
Total revenue	—	238,011	—	238,011
Operating expenses:				
Cost of sales and related occupancy costs		83,590		83,590
Store operating expense		95,539		95,539
Other operating expense		9,286		9,286
Depreciation and amortization		12,048	140 B	12,188
General and administrative expense	197	26,966	2,123 A	29,286
Store pre-opening expense		2,749		2,749
Franchise support expense		915		915
Loss on asset impairment, store closures and disposals		881		881
Litigation settlement reimbursement		(2,650)		(2,650)
Sales Tax Audit Expense		2,569		2,569
(Loss) income from operations	(197)	6,118	(2,263)	3,658
Gain on derivative liabilities	2,125			2,125
Interest income (expense)	1,453	(981)	—	472
Total other income (expense)	3,578	(981)	—	2,597
Net income (loss) before tax	3,381	5,137	(2,263)	6,255
Income tax expense (benefit)	85	2,602	(849) C	1,838
Net income (loss)	\$ 3,296	\$ 2,535	\$ (1,414)	\$ 4,417
Weighted average shares outstanding	Basic			42,658
	Diluted			44,406
Earnings per share	Basic			\$ 0.10
	Diluted			\$ 0.10

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

WITH MAXIMUM APPROVAL
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEETS

March 31, 2006
(In thousands)

	SACI	Private placement	Jamba Juice	Closing transaction	Consolidation entry	Consolidated Total
Assets						
Current Assets:						
Cash and cash equivalents	\$ 741	\$ 224,850 m	\$ (19,631)	\$ (106,871)q	\$ —	\$ 99,089
Notes and accounts receivable, net			11,136	(9,693)r		1,443
Inventories			2,480			2,480
Prepaid expenses & other current assets	56		8,854			8,910
Total current assets	797	224,850	2,839	(116,564)	—	111,922
Cash held in trust	129,066		—	(129,066)s		—
Deferred transaction costs	1,010		—	(1,010)t		—
Property, fixtures and equipment, net			71,797			71,797
Goodwill			93,168			93,168
Other intangible assets			117,500			117,500
Shares in subsidiary				253,349 u	(253,349)x	—
Other long-term assets			16,534	1,298 v		17,832
Total assets	\$ 130,873	\$ 224,850	\$ 301,838	\$ 8,007	\$ (253,349)	\$ 412,219
Liabilities and Shareholders' Equity						
Current Liabilities:						
Accounts payable	\$ 487		6,897			7,384
Accrued compensation and benefits			10,521			10,521
Accrued store value cards			14,579			14,579
Line of credit note payable			—			—
Current portion of litigation settlement payable			1,091			1,091
Derivative liabilities	73,972					73,972
Other accrued expenses	661		5,885			6,546
Total current liabilities	75,120	—	38,973	—	—	114,093
Deferred rent, revenues and other long-term liabilities			9,516			9,516
Commitments and contingencies						
Convertible Redeemable Preferred Stock						
Common stock, subject to redemption	25,241	(25,241)n	—			—
Common Stockholders' Equity:						
Common stock	21	31 o	402		(402)y	52

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Additional paid-in-capital	86,493	250,060	p	286,854	8,007	w	(286,854)	y	344,560
Accumulated income (deficit)	(56,002)			(33,907)			33,907	y	(56,002)
Total shareholders' equity/ (deficit)	30,512	250,091		253,349	8,007		(253,349)		288,610
Total liabilities and shareholders' equity	\$ 130,873	\$ 224,850		\$ 301,838	\$ 8,007		\$(253,349)		\$ 412,219

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

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WITH MAXIMUM APPROVAL
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEETS

March 31, 2006
(In thousands)

	Jamba Juice	Closing Adjustments	Purch price Adjustments	Jamba Juice Pro Forma
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,794	\$ (21,425)d	\$	\$ (19,631)
Notes and accounts receivable, net	1,443	9,693 e		11,136
Inventories	2,480			2,480
Prepaid expenses & other current assets	8,854			8,854
Total current assets	14,571	(11,732)	—	2,839
Property, fixtures and equipment, net	71,797			71,797
Goodwill	2,663		90,505 f	93,168
Other intangible assets	314		117,186 f	117,500
Other long-term assets	10,905	5,629 g		16,534
Total assets	\$ 100,250	\$ (6,103)	\$ 207,691	\$ 301,838
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts payable	\$ 6,897			6,897
Accrued compensation and benefits	10,521			10,521
Accrued store value cards	14,579			14,579
Line of credit note payable	18,000	(18,000)h		—
Current portion of litigation settlement payable	1,091			1,091
Other accrued expenses	5,885			5,885
Total current liabilities	56,973	(18,000)	—	38,973
Deferred rent, revenues and other long-term liabilities	9,516			9,516

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Commitments and contingencies				
Convertible Redeemable Preferred Stock	52,162	(52,162)i		—
Common Stockholders' Equity:				
Common stock	103	299 j		402
Additional paid-in-capital	11,978	67,185 k	207,691 k	286,854
Accumulated deficit	(30,482)	(3,425)l		(33,907)
Total shareholders (deficit) equity	(18,401)	64,059	207,691	253,349
Total liabilities and shareholders' equity	\$ 100,250	\$ (6,103)	\$ 207,691	\$ 301,838

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

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WITH MINIMUM APPROVAL
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE QUARTER ENDED MARCH 31, 2006
(In thousands, except for share data)

	SACI	Jamba Juice	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Company stores	\$ —	\$ 49,365	\$ —	\$ 49,365
Franchise revenue		2,060		2,060
Total revenue	—	51,425	—	51,425
Operating expenses:				
Cost of sales and related occupancy costs		19,212		19,212
Store operating expense		21,319		21,319
Other operating expense		1,664		1,664
Depreciation and amortization		3,054	35 b	3,089
General and administrative expense	174	7,371	531 a	8,076
Store pre-opening expense		371		371
Franchise support expense		649		649
Loss on asset impairment, store closures and disposals		685		685
Gift certificate breakage		(1,399)		(1,399)
Loss from operations	(174)	(1,501)	(566)	(2,241)
Loss on derivative liabilities	(59,985)			(59,985)
Interest income (expense)	901	(315)	—	586
Total other expense	(59,084)	(315)	—	(59,399)
Net loss before tax	(59,258)	(1,816)	(566)	(61,640)
Income tax expense (benefit)	39	(647)	(212)c	(820)
Net loss	\$ (59,297)	\$ (1,169)	\$ (354)	\$ (60,820)

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Weighted average shares outstanding	Basic	48,430
	Diluted	48,430
Loss per share	Basic	\$ (1.26)
	Diluted	\$ (1.26)

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

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WITH MINIMUM APPROVAL
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2005

(In thousands, except for share data)

	SACI	Jamba Juice	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Company stores	\$ —	\$ 229,955	\$ —	\$ 229,955
Franchise revenue		8,056		8,056
Total revenue	—	238,011	—	238,011
Operating expenses:				
Cost of sales and related occupancy costs		83,590		83,590
Store operating expense		95,539		95,539
Other operating expense		9,286		9,286
Depreciation and amortization		12,048	140 B	12,188
General and administrative expense	197	26,966	2,123 A	29,286
Store pre-opening expense		2,749		2,749
Franchise support expense		915		915
Loss on asset impairment, store closures and disposals		881		881
Litigation settlement reimbursement		(2,650)		(2,650)
Sales Tax Audit Expense		2,569		2,569
(Loss) income from operations	(197)	6,118	(2,263)	3,658
Gain on derivative liabilities	2,125			2,125
Interest income (expense)	1,453	(981)	—	472
Total other income (expense)	3,578	(981)	—	2,597
Net income (loss) before tax	3,381	5,137	(2,263)	6,255
Income tax expense (benefit)	85	2,602	(849) C	1,838
Net income (loss)	\$ 3,296	\$ 2,535	\$ (1,414)	\$ 4,417
Weighted average shares outstanding	Basic			40,977
	Diluted			42,725

Earnings per share	Basic	\$	0.10
	Diluted	\$	0.10

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

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WITH MINIMUM APPROVAL PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEETS

March 31, 2006
(In thousands)

	SACI	Private placement	Jamba Juice	Closing transaction	Consolidation entry	Consolidated Total
Assets						
Current Assets:						
Cash and cash equivalents	\$ 741	\$ 199,609 m	\$ (19,631)	\$ (106,871)q	\$ —	\$ 73,848
Notes and accounts receivable, net			11,136	(9,693)r		1,443
Inventories			2,480			2,480
Prepaid expenses & other current assets	56		8,854			8,910
Total current assets	797	199,609	2,839	(116,564)	—	86,681
Cash held in trust	129,066		—	(129,066)s		—
Deferred transaction costs	1,010		—	(1,010)t		—
Property, fixtures and equipment, net			71,797			71,797
Goodwill			93,168			93,168
Other intangible assets			117,500			117,500
Shares in subsidiary				253,349 u	(253,349)x	—
Other long-term assets			16,534	1,298 v		17,832
Total assets	\$ 130,873	\$ 199,609	\$ 301,838	\$ 8,007	\$ (253,349)	\$ 386,978
Liabilities and Shareholders' Equity						
Current Liabilities:						
Accounts payable	\$ 487		6,897			7,384
Accrued compensation and benefits			10,521			10,521
Accrued store value cards			14,579			14,579
Current portion of litigation settlement payable			1,091			1,091

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Derivative liabilities	73,972					73,972
Other accrued expenses	661		5,885			6,546
Total current liabilities	75,120	—	38,973	—	—	114,093
Deferred rent, revenues and other long-term liabilities			9,516			9,516
Commitments and contingencies						
Common stock, subject to redemption	25,241	(25,241)n	—			—
Common Stockholders' Equity:						
Common stock	21	31 o	402		(402)y	52
Additional paid-in-capital	86,493	224,819 p	286,854	8,007 w	(286,854)y	319,319
Accumulated income (deficit)	(56,002)		(33,907)		33,907 y	(56,002)
Total shareholders' equity	30,512	224,850	253,349	8,007	(253,349)	263,369
Total liabilities and shareholders' equity	\$ 130,873	\$ 199,609	\$ 301,838	\$ 8,007	\$ (253,349)	\$ 386,978

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

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WITH MINIMUM APPROVAL PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEETS

March 31, 2006
(In thousands)

	Jamba Juice	Closing Adjustments	Purch price Adjustments	Jamba Juice Pro Forma
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,794	\$ (21,425)d	\$	\$ (19,631)
Notes and accounts receivable, net	1,443	9,693 e		11,136
Inventories	2,480			2,480
Prepaid expenses & other current assets	8,854			8,854
Total current assets	14,571	(11,732)	—	2,839
Property, fixtures and equipment, net	71,797			71,797
Goodwill	2,663		90,505 f	93,168
Other Intangible Assets	314		117,186 f	117,500
Other long-term assets	10,905	5,629 g		16,534
Total assets	\$ 100,250	\$ (6,103)	\$ 207,691	\$ 301,838

Liabilities and Shareholders' Equity

Current Liabilities:

Accounts payable	\$ 6,897			6,897
Accrued compensation and benefits	10,521			10,521
Accrued store value cards	14,579			14,579
Line of credit note payable	18,000	(18,000)h		—
Current portion of litigation settlement payable	1,091			1,091
Other accrued expenses	5,885			5,885
Total current liabilities	56,973	(18,000)	—	38,973
Deferred rent, revenues and other long-term liabilities	9,516			9,516
Commitments and contingencies				
Convertible Redeemable Preferred Stock	52,162	(52,162)i		—
Common Stockholders' Equity:				
Common stock	103	299 j		402
Additional paid-in-capital	11,978	67,185 k	207,691 k	286,854
Accumulated deficit	(30,482)	(3,425)l		(33,907)
Total shareholders (deficit) equity	(18,401)	64,059	207,691	253,349
Total liabilities and shareholders' equity	\$ 100,250	\$ (6,103)	\$ 207,691	\$ 301,838

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

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Notes to Unaudited Proforma Financial Statement:

1. Basis of Pro Forma Presentation

On March 10, 2006, SACI, its wholly-owned California corporate subsidiary, JJC Acquisition Company, and Jamba Juice Company entered into a Merger Agreement, pursuant to which JJC Acquisition Company will merge into Jamba Juice Company and Jamba Juice Company will become a wholly-owned subsidiary of SACI. Following completion of the merger, it is anticipated that SACI will change its name to Jamba, Inc. Because SACI will have no other operating business following the merger, Jamba Juice Company will effectively become a public company at the conclusion of the merger.

The preceding unaudited pro forma condensed balance sheet combines the historical balance sheets of Jamba Juice Company and Subsidiaries (Jamba Juice Company'') as of April 4, 2006 and SACI as of March 31, 2006, giving effect to the transaction described in the Agreement and Plan of Merger dated March 10, 2006 (the "Transaction'") as if it had occurred on March 31, 2006 using the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141 ("SFAS 141'"), Business Combinations.

The preceding unaudited pro forma condensed statements of operations combine the historical statements of operations of Jamba Juice Company for the periods from January 12, 2005 to January 10, 2006 and January 11, 2006 to April 4, 2006 and SACI for the periods from January 6, 2005 (inception) to December 31, 2005 and January 1, 2006 to March 31, 2006, giving effect to the Transaction as if it had occurred in the beginning of the respective period.

2. Purchase Accounting Adjustment

Under the purchase method of accounting, the total preliminary purchase price has been allocated to the net tangible and intangible assets acquired and liabilities assumed, based on various preliminary estimates of their fair values. The estimated fair values of certain assets and liabilities have been determined with the assistance of third party valuation specialists. Management has engaged a third party appraiser to assist management to perform a valuation of all the assets and liabilities in accordance with Statement of Financial Accounting Standard (“SFAS”) No. 141, Business Combinations. Some of the work will commence shortly after the consummation of the merger and the valuation will be finalized after the completion of the merger. Management estimates that the majority of the purchase price in excess of current recorded values will be allocated to non-amortizable intangible assets. The preliminary work performed by the third party valuation specialists has been considered in management's estimates of the fair values reflected in these unaudited pro forma condensed combined consolidated financial statements. Management's estimates and assumptions are subject to change upon the finalization of the valuation and may be adjusted in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 141, Business Combinations. The purchase price allocation is not finalized. Valuations of franchise agreements, trademarks intellectual property, property leases have not been completed. Management has assumed that carrying value approximates fair value for certain tangible assets and liabilities of Jamba Juice Company. The intangible assets acquired will include property leases, franchise agreements, the Jamba Juice brand/trademarks, intellectual property in juice recipes and other goodwill. Some of these assets, such as goodwill and the Jamba Juice brand/trademarks will be non-amortizable; other assets will be amortized over their useful lives ranging from one to more than 10 years.

The unaudited pro forma condensed combined consolidated financial statements should be read in conjunction with the historical consolidated financial statements and the accompanying notes of SACI included in SACI's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and with the historical consolidated financial statements and the accompanying notes of Jamba Juice Company for the 40-week period ended April 4, 2006 and the two fiscal years ended June 28, 2005 and June 29, 2004, respectively, copies of which are included on pages F-1 to F-52. The unaudited pro forma condensed combined consolidated financial statements are not intended to represent or be indicative of the consolidated results of operations or financial condition of SACI that would have

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been reported had the merger and the private placement financing been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial condition of SACI. The unaudited pro forma condensed financial statements do not reflect any operating efficiencies and cost savings that SACI may achieve with respect to the combined companies nor do they include the effects of Jamba Juice Company's repayment of the borrowings under its line of credit.

Under the terms of the Merger Agreement SACI will acquire Jamba Juice Company through the merger of JJC Acquisition Company with and into Jamba Juice Company with Jamba Juice Company becoming a wholly owned subsidiary of SACI. Pursuant to the merger, each share of common stock of Jamba Juice Company will be converted into the right to receive from \$6.00 to \$6.04 in cash.

We determined, based on our interpretation of the requirements of SFAS 141, that SACI was the acquiring entity since SACI's stockholders will ultimately remain in control of the combined company following the Transaction. Under the purchase method of accounting, the financial statements of the acquiring entity remain unchanged and the Transaction will be recorded as of the closing date, reflecting the assets and liabilities of Jamba Juice Company (the

target), at their acquisition date fair values. Intangible assets that are identifiable are recognized separately from goodwill which is measured and recognized as the excess of the fair value of Jamba Juice Company, as a whole, over the net amount of the recognized identifiable assets acquired and liabilities assumed. The results of operations of Jamba Juice Company will be included in the results of the surviving entity from date of acquisition forward.

Under the purchase method of accounting, the total estimated purchase price of \$253 million was allocated to Jamba Juice Company's net tangible and intangible assets based on their estimated fair values as of the expected date of the completion of the Merger. Based on the preliminary third party valuation and other factors as described above, the preliminary estimated purchase price was allocated as follows (in thousands):

	Book Value	Purchase Price and Closing Adjustments	Preliminary Purchase Price Allocation	Asset Life
Net tangible assets	\$ 97,273	\$ (6,103)	\$ 91,170	various
Amortizable intangible assets:				
Franchise agreements	—	600	600	13.5 years
Other amortizable intangible assets	314	686	1,000	10 years
Trademarks	—	115,900	115,900	Indefinite
Goodwill	2,663	90,505	93,168	Indefinite
Total preliminary purchase price allocation and estimated direct transaction costs	\$ 100,250	\$ 201,588	\$ 301,838	
Less liabilities assumed			48,489	
Purchase price			\$ 253,349	

Jamba Juice Company has engaged a third party valuation firm to assist with the purchase price allocation. The preliminary allocation of the purchase price for accounting purposes was based upon preliminary estimates and assumptions that are subject to change upon the finalization of the transaction and the related valuations. In particular, we anticipate that some portion of the purchase price will be allocated to property leases and covenants not to compete; however, since we have not completed our valuations of these assets based on historical costs and management's initial estimates, Jamba Juice Company has allocated \$1 million to these assets. While it is possible that these estimates may change, Management does not anticipate that there will be a material change to the purchase price allocation as a result of any changes to these preliminary estimates. The amortization related to the amortizable intangible assets is reflected as a pro forma adjustment to the unaudited pro forma

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condensed income statements. The preliminary amortization periods (as noted above) are based on the estimated average remaining life of Jamba Juice Company's existing franchises and property leases, respectively. Upon finalization of the transaction, the actual amortization periods will be determined and as such, actual amortization expense may differ from pro forma amortization expense included in the unaudited pro forma condensed statements of operations. Management does not anticipate that amortization expense will differ materially from the estimated amounts included herein.

Of the total estimated purchase price, approximately \$209.1 million was preliminarily allocated to goodwill and trademarks, the valuation of which has not been finalized. Trademarks include Jamba Juice Company brands and other trademarks for which management is in the process of finalizing the valuation. These trademarks will not be amortized due to their indefinite useful lives. Goodwill represents the excess of the purchase price over the fair value of the tangible and identifiable intangible assets acquired. Goodwill amounts are not amortized, but rather are tested for impairment at least annually. In the event that it is determined that the value of the goodwill has become impaired, an accounting charge for the amount of the impairment will be incurred in the quarter in which such determination is made.

In connection with the closing, Jamba Juice Company will recognize a deferred tax asset due to the exercise of options and warrants below market price. This will give rise to a deduction for tax purposes for the Jamba Juice Company and after using a 40% effective tax rate, the post-merger company expects to record a deferred tax asset of \$5.6 million. We have not allocated any purchase price to deferred tax assets or liabilities, or values created pursuant to purchase price adjustments as there will be no step up in tax basis for the other purchased assets.

3. Pro Forma Adjustments with maximum approval

The pro forma adjustments included in the unaudited pro forma condensed consolidated financial statements are as follows (in thousands):

A. Adjustment to general and administrative expense:	
To record one year's expense for options granted on the merger agreement date	\$ 2,123
B. Depreciations and amortization	
To record amortization of intangible assets	\$ 140
C. Adjustment to tax benefit:	
To record deferred tax benefit for option expense recorded	\$ (849)
a. Adjustment to general and administrative expense:	
To record one quarter's expense for options granted on the merger agreement date	\$ 531
b. Depreciation and amortization	
To record amortization of intangible assets	\$ 35
c. Adjustment to tax benefit:	
To record deferred tax benefit for option expense recorded	\$ (212)
d. Adjustments to cash and cash equivalents	
To record disbursement of Jamba Juice Company transaction expenses	\$ (3,425)
To record pay off of Jamba Juice Company's line of credit	(18,000)
	\$ (21,425)
e. Adjustment to notes and accounts receivable:	
To record receivable from warrant and option holders for exercise	\$ 9,693
f. Adjustment to goodwill and other intangible assets:	
To record purchase accounting adjustment for goodwill	\$ 90,505
To record purchase accounting adjustment for other intangible assets	117,186

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g. Adjustments to other long-term assets:	
To record deferred tax asset for tax deductible amounts in connection with exercise of non-qualified options and warrants	\$ 5,629
h. Adjustment to line of credit note payable:	
To record settlement of line of credit	\$ (18,000)
<p>Although the merger agreement specifies a fixed amount of debt of \$16 million, the amount of outstanding debt on the line of credit as of March 31, 2006 was \$18 million. In order to clearly reflect the pro forma ending balances of cash and outstanding debt, the pro forma adjustments show that the \$18 million will be repaid at closing. We have elected to show the repayment of the full \$18 million outstanding at the balance sheet date to simplify and clearly illustrate the requirement to pay off the outstanding line of credit at closing and reflect the net assets purchased and the liabilities assumed by SACI. As a result, this methodology reflects pro forma negative cash balances at March 31, 2006. As shown in the Condensed Consolidated Pro Forma Balance Sheet, which gives effect to the private placement transaction, after the closing the post-merger company will have cash and available working capital.</p>	
i. Adjustment to convertible redeemable preferred stock:	
To record conversion of preferred stock to shares (sale of shares as converted)	\$ (52,162)
<p>The conversion of convertible redeemable preferred stock is shown as though the conversion had taken place before the closing. The holders of convertible redeemable preferred stock will receive the same consideration they would have received had they converted their equity instrument to common stock before the closing. To minimize the administrative processing costs, Jamba Juice Company will not require conversion of the convertible redeemable preferred stock prior to closing of the merger.</p>	
j. Adjustment to common stock:	
To record common stock related to exercise of options and warrants	\$ 299
k. Adjustments to additional paid-in-capital	
To record exercise of options and warrants	\$ 9,394
To record deferred tax asset related to tax deduction for exercise of non-qualified stock options	5,629
To record conversion of preferred stock (sale of shares as converted)	52,162
	\$ 67,185
To record goodwill and intangible assets on Jamba Juice Company's books related to purchase accounting	\$ 207,691
l. Adjustment to accumulated income (deficit)	
To record Jamba Juice Company transaction expenses	\$ (3,425)
m. Adjustment to cash and cash equivalents	
To record net proceeds of private placement	\$ 224,850
n. Adjustment to common stock, subject to redemption:	
To record conversion to common stock	\$ (25,241)
<p>As a group, "Public Stockholders" (i.e. all stockholders, except the founding stockholders owning 3,750,000 shares) own 82% of SACI's total outstanding common stock. Up to 19.99% of these Public Stockholders may seek redemption of their shares in the event of a business combination. Such Public Stockholders are entitled to receive their pro rata interest in the trust fund computed without regard to the shares held by the initial stockholders. As of March 31, 2006, the pro rata interest in the trust fund was \$7.48 per share. In the Minimum Approval scenario we assume that 19.99% of the Public Stockholders will redeem their shares and therefore the amount recorded as "Adjustment to common stock, subject to redemption" will be paid to the stockholders, reducing the cash balance.</p>	
o. Adjustment to common stock:	
To record common stock related to private placement	\$ 31

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p. Adjustments to additional paid-in-capital	
To record additional paid in capital related to private placement	\$ 224,819
To record conversion of common stock, subject to redemption to additional paid in capital	25,421
	\$ 250,060
q. Adjustments to cash and cash equivalents (see Note 5 below)	
To record cash payment to Jamba Juice Company shareholders	\$(106,081)
To record payment of transaction expenses	(790)
	\$(106,871)
r. Adjustment to notes and accounts receivable: (see Note 5 below)	
To record withholding of monies due from warrant and option holders for exercise	\$ (9,693)
s. Adjustment to cash held in trust (see Note 5 below)	
To record cash payment to Jamba Juice Company shareholders	\$(129,066)
t. Adjustment to deferred transaction costs (see Note 5 below)	
To record transaction cost as part of purchase price	\$ (1,010)
u. Adjustments to Shares in subsidiary	
To record cash payment to Jamba Juice Company shareholders, including withholding for receivable	\$ 244,840
To record transaction expenses as part of purchase price	1,800
To record assumed vested options and warrants, net of deferred taxes	6,709
	\$ 253,349
v. Adjustment to other long-term assets	
To record deferred tax benefit related to assumption of vested options and warrants	\$ 1,298
w. Adjustment to additional paid in capital	
To record assumption of vested options	\$ 8,007
x. Adjustment to shares in subsidiary	
To record entry in consolidation to eliminate shares in subsidiary	\$(253,349)
y. Adjustment to common stock	
To record consolidation entry to eliminate purchased equity	\$ (402)
y. Adjustment to additional paid in capital	
To record consolidation entry to eliminate purchased equity	\$(286,854)
y. Adjustment to retained earnings	
To record consolidation entry to eliminate purchased equity	\$ 33,907
4. Pro Forma Adjustments with minimum approval	

The pro forma adjustments included in the unaudited pro forma condensed consolidated financial statements are as follows (in thousands):

A. Adjustment to general and administrative expense:	
To record one year's expense for options granted on the merger agreement date	\$ 2,123
B. Depreciation and amortization	
To record amortization of intangible assets	\$ 140

C. Adjustment to tax benefit:	
To record deferred tax benefit for option expense	\$ (849)
a. Adjustment to general and administrative expense:	
To record one quarter's expense for options granted on the merger agreement date	\$ 531
b. Depreciation and amortization	
To record amortization of intangible assets	\$ 35

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c. Adjustment to tax benefit:	
To record deferred tax benefit for option expense	\$ (212)
d. Adjustments to cash and cash equivalents	
To record disbursement of Jamba Juice Company transaction expenses	\$ (3,425)
To record pay off of Jamba Juice Company's line of credit	(18,000)
	\$ (21,425)
e. Adjustment to notes and accounts receivable:	
To record receivable from warrant and option holders for exercise	\$ 9,693
f. Adjustment to goodwill and other intangible assets:	
To record purchase accounting adjustment for goodwill	\$ 90,505
To record purchase accounting adjustment for other intangible assets	\$ 117,186
g. Adjustment to other long-term assets:	
To record deferred tax asset for tax deductible amounts in connection with exercise of non-qualified options and warrants	\$ 5,629
h. Adjustment to line of credit note payable:	
To record settlement of line of credit	\$ (18,000)
Although the merger agreement specifies a fixed amount of debt of \$16 million, the amount of outstanding debt on the line of credit as of March 31, 2006 was \$18 million. In order to clearly reflect the pro forma ending balances of cash and outstanding debt, the pro forma adjustments show that the \$18 million will be repaid at closing. We have elected to show the repayment of the full \$18 million outstanding at the balance sheet date to simplify and clearly illustrate the requirement to pay off the outstanding line of credit at closing and reflect the net assets purchased and the liabilities assumed by SACI. As a result, this methodology reflects pro forma negative cash balances at March 31, 2006. As shown in the Condensed Consolidated Pro Forma Balance Sheet, which gives effect to the private placement transaction, after the closing the post-merger company will have cash and available working capital.	
i. Adjustment to convertible redeemable preferred stock:	
To record conversion of preferred stock to shares (sale of shares as converted)	\$ (52,162)
The conversion of convertible redeemable preferred stock is shown as though the conversion had taken place before the closing. The holders of convertible redeemable preferred stock will receive the same consideration they would have received had they converted their equity instrument to common stock before the closing. To minimize the administrative processing costs, Jamba Juice Company will not require conversion of the convertible redeemable preferred stock prior to closing of the merger.	
j. Adjustment to common stock:	
To record common stock related to exercise of options and warrants	\$ 299
k. Adjustments to additional paid-in-capital	

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To record exercise of options and warrants	\$ 9,394
To record deferred tax asset related to tax deduction for exercise of non-qualified stock options	5,629
To record conversion of preferred stock (sale of shares as converted)	52,162
	\$ 67,185

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To record goodwill and intangible assets on Jamba Juice Company's books related to purchase accounting	\$ 207,691
l. Adjustment to accumulated income (deficit)	
To record Jamba Juice Company transaction expenses	\$ (3,425)
m. Adjustments to cash and cash equivalents	
To record net proceeds of private placement	\$ 224,850
To record redemption of 20% of additional SACI shares	(25,241)
	\$ 199,609
n. Adjustment to common stock, subject to redemption:	
To record redemption of 20% of additional SACI shares	\$ (25,241)
As a group, "Public Stockholders" (i.e. all stockholders, except the founding stockholders owning 3,750,000 shares) own 82% of SACI's total outstanding common stock. Up to 19.99% of these Public Stockholders may seek redemption of their shares in the event of a business combination. Such Public Stockholders are entitled to receive their pro rata interest in the trust fund computed without regard to the shares held by the initial stockholders. As of March 31, 2006, the pro rata interest in the trust fund was \$7.48 per share. In the Minimum Approval scenario we assume that 19.99% of the Public Stockholders will redeem their shares and therefore the amount recorded as "Adjustment to common stock, subject to redemption" will be paid to the stockholders, reducing the cash balance.	
o. Adjustment to common stock:	
To record common stock related to private placement	\$ 31
p. Adjustment to additional paid-in-capital	
To record additional paid in capital related to private placement	\$ 224,819
q. Adjustments to cash and cash equivalents (see Note 5 below)	
To record cash payment to Jamba Juice Company shareholders	\$(106,081)
To record payment of transaction expenses	(790)
	\$(106,871)
r. Adjustment to notes and accounts receivable: (see Note 5 below)	
To record withholding of monies due from warrant and option holders for exercise	\$ (9,693)
s. Adjustment to cash held in trust (see Note 5 below)	
To record cash payment to Jamba Juice Company shareholders	\$(129,066)
t. Adjustment to deferred transaction costs (see Note 5 below)	
To record transaction cost as part of purchase price	\$ (1,010)
u. Adjustments to shares in subsidiary	
To record cash payment to Jamba Juice Company shareholders, including withholding for receivable	\$ 244,840
To record transaction expenses as part of purchase price	1,800
To record assumed vested options and warrants, net of deferred taxes	6,709
	\$ 253,349

v. Adjustment to other long-term assets	
To record deferred tax benefit related to assumption of vested options and warrants	\$ 1,298
w. Adjustment to additional paid in capital	
To record assumption of vested options	\$ 8,007

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x. Adjustment to shares in subsidiary	
To record entry in consolidation to eliminate shares in subsidiary	\$(253,349)
y. Adjustment to common stock	
To record consolidation entry to eliminate purchased equity	\$ (402)
y. Adjustment to additional paid in capital	
To record consolidation entry to eliminate purchased equity	\$(286,854)
y. Adjustment to retained earnings	
To record consolidation entry to eliminate purchased equity	\$ 33,907

5. Reconciliation of cash payment

A reconciliation of the cash payment to stockholders and payment of transaction expenses explained in notes q, r, s and t, with the amounts in the table on page 124 for payments to common and preferred shareholders follows:

To record cash payment to Jamba Juice Company shareholders	\$ 244,840
Less deduction for amount owned by warrant and option holders	(9,693)
Net payment	\$ 235,147
Payment to be funded from cash balances	\$ 106,081
Payment from cash held in trust	129,066
Total payment to stockholders	\$ 235,147
Total estimated transaction expenses	\$ 1,800
Less transaction expenses incurred through March 31, 2006	(1,010)
Transaction expenses to be paid at closing	\$ 790

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**DIRECTORS AND MANAGEMENT OF SACI FOLLOWING THE
MERGER WITH JAMBA JUICE COMPANY**

As of the completion of the merger, the board of directors, executive officers and significant employees will be as set forth below. With respect to the appointment of new directors to the Board of SACI, it is anticipated that such members will be appointed to the respective class of directors so that the three classes of directors are as equal as possible:

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Name	Age	Position
Paul E. Clayton	48	Chief Executive Officer, President and Director
Donald D. Breen	48	Chief Financial Officer
Karen Kelley	40	Vice President of Company Operations
Paul Coletta	42	Vice President of Marketing and Brand Development
Russell Testa	49	Vice President of Human Resources
Steven R. Berrard	52	Chairman of the Board
Thomas C. Byrne	44	Director
Richard L. Federico	51	Director
Robert C. Kagle	50	Director
Craig J. Foley	62	Director
Brian Swette	52	Director
Raml\$Aaon		
Martin-Busutil	72	Director

Paul E. Clayton has been Chief Executive Officer of Jamba Juice Company since February 2000. Mr. Clayton was with Burger King Corporation from 1984 to January 2000 in increasingly responsible positions in marketing, operations and development. Mr. Clayton was President of Burger King North America in Miami Florida from March 1997 to January 2000, Senior Vice President, Worldwide Marketing from March 1994 to March 1997, and Vice President, Marketing USA from July 1993 to March 1994. He received his BS/BA degree from Boston University, and his MBA from the University of North Carolina at Chapel Hill.

Donald D. Breen has been Chief Financial Officer of Jamba Juice Company since June 2005. Mr. Breen was with Fresh Enterprises, the Parent Company of Baja Fresh Mexican Grill, in Thousand Oaks, California from July 1999 to December 2004, where he was the Senior Vice President and CFO. Prior to Baja Fresh, Mr. Breen was employed by Brothers Gourmet Coffees, Inc., a wholesale and retail coffee roaster in Boca Raton, Florida, serving as President, Chief Executive Officer and Chief Financial Officer from January 1996 to May 1999. Prior to that, Mr. Breen was Finance Director, Assistant Secretary and Assistant Treasurer for Adolph Coors Company. Mr. Breen earned both his BS in Finance and an MBA from the University of Connecticut.

Karen Kelley joined Jamba Juice Company in March 1998 as Vice President of Company Operations. From 1994 to 1998, Ms. Kelley was with Boston Market. She was Managing Partner of Boston Market from 1994 to 1995; Director of Operations — Northern California from 1995 to 1997, and Vice-President of Operations — Northern California from 1997 to 1998. Ms. Kelley attended the University of Colorado.

Paul Coletta has been Jamba Juice Company's Vice President of Marketing and Brand Development since June 2006. Before Jamba Juice Company he worked for Hewlett Packard in San Diego, CA as Director of World Wide Marketing from 2002 to 2006. From 2000-2002 he was with Freeborders Software in San Francisco, CA as Senior Vice President of Marketing. In 1999 Mr. Coletta was with Cost Plus World Market in Oakland, CA as Vice President General Merchandising Manager. From 1995 to 1999 he was with Viacom in New York City, NY as Vice President of Product and Brand Marketing. Prior to that he was with The Walt Disney Company as Director of Merchandise and Federated Department Stores as a Buyer, Assistant Buyer and Department Manager. Mr. Coletta attended Loyola Marymount University.

Russell Testa has been Jamba Juice Company's Vice President of Human Resources since February 2004. Before joining Jamba Juice Company, Mr. Testa was last employed by Mervyn's in

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Hayward, California, a division of Target Corporation, from May 1993 through January 2003 where he was as Senior Vice President of Human Resources from September 2001 and Vice President of Human Resources prior to that time. Mr. Testa earned his A.B. degree in Economics from the University of California, Davis.

Steven R. Berrard has been the chairman of the board and chief executive officer since SACI's inception. Mr. Berrard has served as Managing Partner of New River Capital Partners, a private equity fund, which he co-founded, since 1997. Prior to co-founding New River Capital Partners, from 1996 to 1999, Mr. Berrard was the co-founder and Co-Chief Executive Officer of AutoNation, Inc., the nation's leading automotive retail company.

Prior to joining AutoNation, from 1987 to 1996, Mr. Berrard served as President and Chief Executive Officer of the Blockbuster Entertainment Group, the world's largest video store operator, and as a member of the Board of Directors of Viacom, Inc. As President and Chief Executive Officer, Mr. Berrard was responsible for the direction and operation of more than 70,000 employees at 4,500 Blockbuster stores located in 20 countries, Showtime Networks, Spelling Entertainment Group, Paramount Parks, and Virgin Interactive Entertainment.

Prior to his tenure with Blockbuster, from 1981 to 1987, Mr. Berrard served as President of Huizenga Holdings, Inc. and served in various positions with subsidiaries of Huizenga Holdings. Prior to joining Huizenga Holdings, Mr. Berrard was employed by Coopers & Lybrand from 1976 to 1981.

Mr. Berrard earned his BS in Accounting from Florida Atlantic University and has been a member of the Board of Directors of Swisher International, Inc. since November 2004. He has also served on the Board of Directors of Birmingham Steel from 1999 until its sale in 2002, HealthSouth from 2004 until 2006, as well as Boca Resorts, Inc. from 1996 until prior to its sale to the Blackstone Group in December 2004.

Thomas C. Byrne has been a member of SACI's board of directors since its inception. Mr. Byrne has served as Administrative Partner of New River Capital Partners, a private equity fund, which he co-founded, since 1997. Prior to co-founding New River Capital Partners, Mr. Byrne was the Vice-Chairman of Blockbuster Entertainment Group, a division of Viacom, Inc. Additionally, Mr. Byrne was President of the Viacom Retail Group and represented Blockbuster in all cross-Viacom opportunities.

Prior to joining Blockbuster, from 1985 to 1987, Mr. Byrne was employed by KPMG Peat Marwick. Mr. Byrne has a BS and MA in Accounting from the University of Florida. Mr. Byrne is a certified public accountant, and has been a member of the Board of Directors of Certilearn, Inc., Intralearn Software Corporation, ITC Learning, Swisher International, Inc., Pivotal Fitness, and the Private Equity Committee of the University of Florida Foundation.

Richard L. Federico had served as a Director of Jamba Juice Company since October 2004 and will serve as a member of the board of SACI upon consummation of the merger. Since September 1997, Mr. Federico has been the Chief Executive Officer of P.F. Chang and a Director of P.F. Chang since February 1996. In December 2000, Mr. Federico was named Chairman of the Board of P.F. Chang. From February 1989 to January 1996, Mr. Federico served as President of the Italian Concepts division of Brinker International, Inc. (NYSE: EAT), where he was responsible for concept development and operations. Under Mr. Federico's direction, this division grew from one unit in 1989 to more than 70 units by 1996.

Robert C. Kagle had served as a director of Jamba Juice Company since 1994 and will serve as a member of the board of SACI upon consummation of the merger. Mr. Kagle has been a Member of Benchmark Capital, the General Partner of Benchmark Capital Partners, L.P. and Benchmark Founders' Fund, L.P., since its founding in May 1995. Mr. Kagle

also has been a General Partner of Technology Venture Investors since January 1984. Mr. Kagle also serves on the board of directors of eBay, Inc. and ZipRealty, Inc. Mr. Kagle holds a B.S. degree in Electrical and Mechanical Engineering from the General Motors Institute (renamed Kettering University in January 1998) and an M.B.A. degree from the Stanford Graduate School of Business.

Craig J. Foley had served as a director of Jamba Juice Company since 1994 and will serve as a member of the board of SACI upon consummation of the merger. Mr. Foley is Managing Partner of

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Wickham Capital Partners, a private investment partnership formed in 1994. He was founding investor in Chancellor Capital Management (now INVESCO Private Capital) and served as a member of its Board of Directors. At Chancellor, he headed the Venture Capital Group, which he established in 1982. Prior to Chancellor, he was affiliated with major New York banking and investment firms. Mr. Foley was an early or lead investor in Starbucks, COSTCO, Staples, PetSmart, Gadzooks, Noah's Bagels, Jamba Juice Company, and The White House/Black Market (acquired by Chico's). Mr. Foley has served as a director of various private companies and was a fifteen year member the Starbucks Corporation Board of Directors, where he served on the Compensation Committee and Chaired the Audit Committee. Mr. Foley graduated from Kenyon College, and served as a Trustee of the Bronxville Board of Education and as a Trustee of Kenyon College, where he was Vice Chair of the Board and Chair of the Investment Committee.

Brian Swette will serve as a member of the board of SACI upon consummation of the merger. Mr. Swette currently is the Chairman of Burger King and an investor and board member in Theladders.com, Madison Road Entertainment and CBL Partners. Mr. Swette served in several capacities at eBay from 1998 through the end of 2002, including Chief Operating Officer and vice president of marketing. He led eBay's penetration into international markets, oversaw the development of its advertising and sponsorship business, managed the implementation of its fixed-price strategy and chartered a course into new business categories such as automotive and business-to-business. Prior to eBay, Mr. Swette was Executive Vice President and Chief Marketing Officer of Pepsi-Cola where he was one of the architects of Pepsi's move into the water, tea, coffee and juice categories, specifically Aquafina Water, Ocean Spray Juices, Lipton Teas and Starbucks' Frapachino. Prior to Pepsi-Cola, Mr. Swette spent four years as a Brand Manager at Procter & Gamble. Mr. Swette is a Trustee of the Pine Crest Prep School in Florida.

Ramon Martin-Busutil will serve as a member of the board of SACI upon the consumation of the merger. Mr. Busutil is a consultant and presently teaches Strategic Management and Mergers and Acquisitions as Visiting Professor at Dupree College of Management (Georgia Tech-Atlanta, GA), Associated Professor at EADA Business School (Barcelona, Spain) and Visiting Professor at The Citadel (Charleston, SC). Prior to these current positions, Mr. Martin-Busutil spent over twenty years in management positions in with several international businesses. From 1992 to 1995, Mr. Martin-Busutil was President of International at Blockbuster Entertainment, a Viacom company. Prior to that, Mr. Martin-Busutil was the President of Cadbury Schweppes Europe and had various management responsibilities at General Foods (the current Altria-Philip Morris Kraft Foods) in marketing, sales, manufacturing and research and development areas. During his corporate career, Mr. Martin-Busutil managed, bought, sold, merged, restructured, and led companies on four continents, including more than 15 transactions for a total consideration of more than \$1 billion. Mr. Martin-Busutil speaks four languages, has a Doctor of Engineering from the University of Madrid and a postgraduate of HEC Business School in Paris. Mr. Martin-Busutil lives in Spain and the United States.

Other than their respective relationships with SACI and Jamba Juice Company, none of these individuals has been a principal of or affiliated with a public company or blank check company that executed a business plan similar to our

business plan, and none of these individuals is currently affiliated with such an entity.

After the merger, the officers and employee directors will devote their full time and attention to the ongoing operations of SACI and the non-employee directors will devote such time as is necessary and required to satisfy their duties as a director of a public company.

Board of Directors and Committees of the Board

After the merger with Jamba Juice Company, our board of directors will consist of up to ten members, and it is anticipated that a majority of which will be considered “independent.” The directors will be appointed to such class of directors so that the classes of the board of directors of SACI is are equal as possible.

We do not currently have a Compensation Committee. Pursuant to Section 805 of the AMEX Company Guide, compensation of our chief executive officer, if any, will be determined, or

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recommended to the Board for determination, by a majority of the independent directors on our board of directors. The chief executive officer will not be present during voting or deliberations. Compensation for all other officers, if any, will be determined, or recommended to the board for determination, by a majority of the independent directors on our board of directors. None of our officers currently receive compensation. We do not expect to pay any compensation to any of our officers until following the consummation of the merger with Jamba Juice Company.

SACI’s board of directors has established a Nominating and Governance Committee and an Audit Committee to devote attention to specific subjects and to assist the board in the discharge of its responsibilities. The functions of these committees and their current members, as well as anticipated membership, are set forth below.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for assisting identifying and recommending qualified candidates for director nominees to the board, and leading the board in its annual review of the board’s performance. All members of the Nominating Committee qualify as independent under the definition promulgated by the American Stock Exchange. The Nominating and Governance Committee had no meetings during 2005. Nathaniel Kramer and Thomas C. Byrne are the current members of the Nominating and Governance Committee and following the acquisition of Jamba Juice, it is anticipated that the Nominating and Governance Committee will consist of additional board members who will be appointed to such committee prior to or simultaneous with the closing of the acquisition. The Nominating and Governance Committee may consider candidates recommended by stockholders as well as from other sources such as other directors or officers, third party search firms or other appropriate sources. For all potential candidates, the Nominating and Governance Committee may consider all factors it deems relevant, such as a candidate’s personal integrity and sound judgment, business and professional skills and experience, independence, knowledge of the industry in which we operate, possible conflicts of interest, diversity, the extent to which the candidate would fill a present need in the board, and concern for the long-term interests of the stockholders. In general, persons recommended by stockholders will be considered on the same basis as candidates from other sources. If a stockholder wishes to nominate a candidate to be considered for election as a director at the 2006 Annual Meeting of Stockholders using the procedures set forth in the Company’s By-laws, it must follow the procedures described in Article 3.3 entitled “Nominations.” If a stockholder wishes simply to propose a candidate for consideration as a nominee

by the Nominating and Governance Committee, it should submit any pertinent information regarding the candidate to the Nominating and Governance Committee by mail at our address. A copy of the Nominating Committee's written charter is available upon written request. Upon consummation of the merger, it is anticipated that Mr. Kramer will resign from the board of SACI and will no longer serve on the Nominating Committee.

Audit Committee

The Audit Committee recommends to the board of directors the appointment of the firm selected to serve as our independent auditors and our subsidiaries and monitors the performance of such firm; reviews and approves the scope of the annual audit and evaluates with the independent auditors our annual audit and annual financial statements; reviews with management the status of internal accounting controls; evaluates issues having a potential financial impact on us which may be brought to the Audit Committee's attention by management, the independent auditors or the board; evaluates our public financial reporting documents; reviews the non-audit services to be performed by the independent auditors, if any; and considers the effect of such performance on the auditor's independence. Thomas C. Byrne, Nathaniel Kramer and Cris V. Branden are the current members of the Audit Committee and following the merger with Jamba Juice, it is anticipated that the Audit Committee will consist of additional board members who will be appointed to such committee prior to or simultaneous with the closing of the acquisition. All members of the Audit Committee satisfy the current independence standards promulgated by the Securities and Exchange Commission and by the American Stock Exchange, as such standards apply specifically to members of audit committees. The

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board has determined that each of Mr. Byrne, Mr. Kramer and Mr. Branden are "audit committee financial experts," as the Securities and Exchange Commission has defined that term in Item 401 of Regulation S-K. The Audit Committee had four meetings during 2005. Upon consummation of the merger, it is anticipated that Mr. Branden and Mr. Kramer will resign from the board of SACI and will no longer serve on the Audit Committee.

Code of Conduct and Ethics

We have adopted a code of conduct and ethics applicable to our directors, officers and employees in accordance with applicable federal securities laws and the rules of the American Stock Exchange.

Director Compensation

It is anticipated that at or prior to the closing of the merger with Jamba Juice Company, the compensation to be paid to members of the Board of Directors of SACI will be established and such compensation will be reasonable and customary for the industry.

Executive Compensation

No executive officer of SACI has received any cash compensation for services rendered. No compensation of any kind, including finder's and consulting fees, will be paid to any of our existing stockholders, including our officers and directors, or any of their respective affiliates, for services rendered prior to or in connection with the merger with Jamba Juice Company. However, these individuals will be reimbursed for any out-of-pocket expenses incurred in connection with activities on our behalf, such as identifying potential target businesses and performing due diligence on suitable business combinations. There is no limit on the amount of these out-of-pocket expenses, and there will be

no review of the reasonableness of the expenses by anyone other than our board of directors, which includes persons who may seek reimbursement, or a court of competent jurisdiction if such reimbursement is challenged. If all of SACI's directors are not deemed "independent," it will not have the benefit of independent directors examining the propriety of expenses incurred on SACI's behalf and subject to reimbursement.

Upon completion of the merger, it is anticipated that employment agreements with the following individuals: Paul E. Clayton, Donald D. Breen and Karen Kelley, will become effective. A summary of the employment agreements can be found under "Employment Agreements" on page 56. In addition, upon completion of the merger, it is anticipated that other officers of Jamba Juice Company will be continuing their employment with Jamba Juice Company.

The table below provides information concerning the total compensation received for services related to Jamba Juice Company during the three fiscal years ended June 28, 2005, June 29, 2004, and June 24, 2003 by the Chief Executive Officer of Jamba Juice Company, the four other highest paid executive officers of Jamba Juice Company (which includes Donald D. Breen, the current Chief Financial Officer of Jamba Juice Company who commenced employment in June 2005 and Paul Coletta, the current Vice President, Marketing and Brand Development, who commenced employment in June 2006), as well as Joseph O'Neill, the former Chief Financial Officer of Jamba Juice Company, who resigned from his position effective June 28, 2005, Tammy Jo Williams, the former Vice President, Marketing of Jamba Juice Company, who resigned from her position effective December 16, 2005, and Beth Lombard, the former Vice President, Development, who left her position effective June 21, 2006 (collectively, the "Named Executive Officers").

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Name and Principal Position	Fiscal Year	Annual Compensation		Long-Term Compensation	All Other Compensation
		Salary (\$)	Bonus (\$)	Number of Securities Underlying	
Paul E. Clayton	2005	400,000	30,000	Options —	1,728,900 ⁽¹⁾
President and Chief Executive Officer	2004	400,000	249,877	800,000	—
	2003	400,000	226,800	—	—
Donald D. Breen	2005	5,654	—	250,000	18,873 ⁽²⁾
Chief Financial Officer	2004	—	—	—	—
	2003	—	—	—	—
Karen Kelley	2005	214,614	22,500	—	—
Vice President, Operations	2004	187,500	76,504	110,500	—
	2003	150,000	83,400	—	12,037 ⁽³⁾
Russell Testa	2005	205,846	18,000	—	—
Vice President, Human Resources	2004	66,154	26,776	100,000	36,186 ⁽⁴⁾
	2003	—	—	—	—
Beth Lombard	2005	204,385	20,000	—	45,595 ⁽⁵⁾
Former Vice President, Development	2004	70,769	28,526	100,000	44,416 ⁽⁶⁾
	2003	—	—	—	—
Joe O'Neill	2005	265,112 ⁽⁷⁾	18,873	—	—
Former Chief Financial Officer	2004	234,423	81,879	—	—
	2003	223,808	80,500	—	—
Tammy Jo Williams	2005	200,000	0	—	—

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Former Vice President, Marketing	2004	47,692	19,018	100,000	—
	2003	—	—	—	—

⁽¹⁾Represents interest and a gross-up for taxes attributable to forgiveness of a loan in the principal amount of \$750,000 made by Jamba Juice Company to Mr. Clayton on May 12, 2000. The loan was forgiven on May 13, 2005.

⁽²⁾Represents a relocation bonus paid to Mr. Breen. Mr. Breen commenced employment with Jamba Juice Company in June 2005.

⁽³⁾Represents relocation expenses paid to Ms. Kelley.

⁽⁴⁾Represents (i) relocation expenses of \$16,186 paid to Mr. Testa and (ii) a one-time signing bonus of \$20,000 paid to Mr. Testa.

⁽⁵⁾Represents (i) relocation expenses of \$20,595 paid to Ms. Lombard and (ii) a one-time signing bonus of \$25,000 paid to Ms. Lombard.

⁽⁶⁾Represents relocation expenses paid to Ms. Lombard.

⁽⁷⁾Represents salary plus vacation pay.

Stock Option Grants in Fiscal Year 2005

The following table sets forth information regarding options to purchase shares of common stock granted to the Named Executive Officers during fiscal 2005. The amounts shown for the Named Executive Officers below as potential realizable values are based entirely on hypothetical annualized rates of stock appreciation of five percent and ten percent compounded over the full ten-year terms of the options. These assumed rates of growth were selected by the SEC for illustration purposes only and are not intended to predict future stock prices, which will depend upon overall stock market conditions and Jamba Juice Company's future performance and prospects. Consequently, there can be no assurance that the Named Executive Officer will receive the potential realizable values shown in this table.

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Option Grants in Fiscal Year 2005

Name	Number of Securities Underlying Options Granted	Percent of Total Options Granted to Employees	Exercise Price per Share	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
					Five Percent (\$)	Ten Percent (\$)
Donald D. Breen	250,000	17.5	\$4.00	6/16/15	628,895	1,593,742

Table of information of options issued to executives with acceleration as of a future date:

as of 6/15/2006	Total outstanding	Vested options	Non-vested options	Accelerated options	Average exercise price of	Years to vesting of
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					accelerated options	accelerated options
P. Clayton	2,100,000	1,902,083	197,917	197,917	\$ 2.13	1.6
D. Breen	250,000	0	250,000	250,000	\$ 4.00	3.0
R. Testa	100,000	50,000	50,000	37,500	\$ 2.13	1.8
K. Kelley	200,000	156,259	43,741	43,741	\$ 2.13	1.6
B. Lombard	100,000	50,000	50,000	37,500	\$ 2.13	1.8

In October 2005, the board of directors of Jamba Juice Company approved accelerated stock option vesting for certain levels of employees in the event of a change of control, subject to due execution and delivery of a general release of claims.

Severance and Change-in-Control Arrangements

Each of Messrs. Clayton, Breen, and Testa, and Ms. Kelley entered into a Change of Control Retention and Severance Agreement dated November 1, 2005 which provide, generally, that if, within one year subsequent to a change in control of Jamba Juice Company, the employment of the executive is terminated, other than for cause, or if the executive terminates employment as a result of a “constructive” termination (defined in the agreements to include, for example, a diminution of duties and responsibilities or benefits), the executive will be entitled to receive a severance payment consisting of the executive’s base salary for one year. Ms. Lombard entered into a letter agreement dated January 29, 2004 which provides, in general, that if she is terminated other than for cause, she will be entitled to receive a severance payment consisting of her base salary for one year. Jamba Juice Company and Ms. Lombard are in the process of negotiating the terms of her separation from the company.

Each of Messrs. Clayton and Breen entered into an Acceleration of Stock Option Vesting Agreement, dated November 1, 2005, which provides, generally, for the full acceleration of vesting of shares covered by outstanding options held in the event of a change of control of Jamba Juice Company. Each of Mr. Testa, Ms. Kelley, and Ms. Lombard entered into an Acceleration of Stock Option Vesting Agreement, dated November 1, 2005, which provides, generally, for the acceleration of vesting of shares covered by outstanding options held based on length of service in the event of a change of control of Jamba Juice Company. Each of these agreements is contingent upon the execution and delivery of a general release of claims.

Jamba Juice Company Option Plans

As part of the merger and as described in this proxy statement, SACI is adopting and assuming the outstanding options under the Jamba Juice Company 1994 and 2001 Option Plans. The options being assumed will be issued pursuant to the respective plan under which they were granted. Below is a summary of the Jamba Juice Company 1994 and 2001 Option Plans.

1994 Stock Incentive Plan

The Jamba Juice Company 1994 Stock Incentive Plan was adopted by the Jamba Juice Company board of directors in 1994 and was subsequently approved by its stockholders.

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The 1994 Stock Incentive Plan provided for the granting of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, to employees, officers and employee directors and the granting of nonstatutory stock options to employees, officers, directors (including non-employee directors), independent contractors and consultants. The administrator determined the term of options, which was prohibited from exceeding 10 years (five years in the case of an incentive stock option granted to a stockholder holding more than 10% of the voting shares of Jamba Juice Company).

No option may be transferred by the optionee other than by will or the laws of descent or distribution. Each option may be exercised during the lifetime of the optionee only by such optionee. Options granted under the 1994 Stock Incentive Plan generally are immediately exercisable and vest at the rate of 1/4th of the total number of shares subject to the options 12 months after the vesting commencement date, and 1/36th of the remaining number of unvested shares subject to the options each month thereafter.

Options under the 1994 Stock Incentive Plan held by an employee who ceases to be an employee of Jamba Juice Company for any reason, other than death or permanent disability, generally terminate three months from the date of such optionee's termination of employment with Jamba Juice Company. During such three month period, the optionee may exercise any options that were exercisable on the date of termination. Options under the 1994 Stock Incentive Plan held by an employee who ceases to be an employee due to death or permanent disability generally terminate twelve months from the date of such optionee's termination of employment.

2001 Equity Incentive Plan

The Jamba Juice Company 2001 Equity Incentive Plan was adopted by the Jamba Juice Company board of directors in 2001 and was subsequently approved by its stockholders. Jamba Juice Company ceased to issue options under the 1994 Stock Incentive Plan upon adoption of the 2001 Equity Incentive Plan.

The 2001 Equity Incentive Plan provided for the granting of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, to employees, officers and employee directors and the granting of nonstatutory stock options and stock purchase rights to employees, officers, directors (including non-employee directors), independent contractors and consultants. The administrator determined the term of options, which was prohibited from exceeding 10 years (five years in the case of an incentive stock option granted to a stockholder holding more than 10% of the voting shares of Jamba Juice Company).

No option may be transferred by the optionee other than by will or the laws of descent or distribution. Each option may be exercised during the lifetime of the optionee only by such optionee. Options granted under the 2001 Equity Incentive Plan generally are immediately exercisable and vest at the rate of 20% per year over five years from the date the option was granted, however options granted to officers, directors and consultants may provide for different vesting schedules as approved by the administrator.

Options under the 2001 Equity Incentive Plan held by an employee who ceases to be an employee of Jamba Juice Company for any reason, other than death or permanent disability, generally terminate three months from the date of such optionee's termination of employment with Jamba Juice Company. During such three month period, the optionee may exercise any options that were exercisable on the date of termination. Options under the 2001 Equity Incentive Plan held by an employee who ceases to be an employee due to death or permanent disability generally terminate twelve months from the date of such optionee's termination of employment in the case of permanent disability or eighteen months from the date of such optionee's death.

As of [March 10, 2006,] options to purchase a total of 5,998,839 shares of common stock were outstanding under the 1994 Equity Incentive Plan and 2001 Equity Incentive Plan.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On January 28, 2005, SACI issued an aggregate of 1,250,000 shares of common stock to the individuals set forth below for \$25,000 in cash, at an average purchase price of approximately \$0.02 per share, as follows:

Name	Number of Shares	Relationship to Services Acquisition Corp. International
Steven R. Berrard	375,000	Director, Chairman of the Board, Chief Executive Officer and President
Thomas E. Aucamp	218,750	Director, Vice President, and Secretary
Thomas C. Byrne	218,750	Director
I. Steven Edelson	218,750	Director, Vice Chairman and Vice President
Nathaniel Kramer	218,750	Director

On March 28, 2005, SACI's board of directors authorized a stock dividend of 1.5714 shares of common stock for each outstanding share of common stock, effectively lowering the purchase price to \$.0078 per share. The sole purpose for such stock dividend authorized by the board of directors was to maintain the initial stockholders' collective ownership at 20% of our issued and outstanding shares of common stock immediately after the initial public offering.

The holders of the majority of these shares will be entitled to make up to two demands that we register these shares pursuant to a registration rights agreement previously entered into. The holders of the majority of these shares may elect to exercise these registration rights at any time after the date on which these shares of common stock are released from escrow, which, except in limited circumstances, is not before June 29, 2008. In addition, these stockholders have certain "piggy-back" registration rights on registration statements filed subsequent to the date on which these shares of common stock are released from escrow. SACI will bear the expenses incurred in connection with the filing of any such registration statements.

Steven R. Berrard, SACI's Chairman and Chief Executive Officer, and SACI's directors I. Steven Edelson and Nathaniel Kramer advanced a total of approximately \$90,000 to SACI as of June 29, 2005 to cover expenses related to the initial public offering. Of such loans, \$40,000 was payable with 4% annual interest on the earlier of January 26, 2006 or the consummation of the initial public offering and \$50,000 was payable with 4% annual interest on the earlier of March 28, 2006 or the consummation of the initial public offering. In addition, Mr. Edelson and Mr. Aucamp loaned SACI an aggregate of \$70,000 on June 29, 2005 that was used to pay the fees of the American Stock Exchange. All of such amounts were repaid at the closing of the offering from the proceeds of the initial public offering not placed in trust.

SACI will reimburse its officers and directors for any reasonable out-of-pocket business expenses incurred by them in connection with certain activities on SACI's behalf such as identifying and investigating possible target businesses and business combinations. There is no limit on the amount of accountable out-of-pocket expenses reimbursable by SACI, which will be reviewed only by SACI's board or a court of competent jurisdiction if such reimbursement is challenged.

All ongoing and future transactions between SACI and any of its officers and directors or their respective affiliates, including loans by SACI's officers and directors, will be on terms believed by SACI to be no less favorable than are available from unaffiliated third parties and such transactions or loans, including any forgiveness of loans, will require prior approval in each instance by a majority of SACI's uninterested "independent" directors (to the extent we have any)

or the members of SACI's board who do not have an interest in the transaction, in either case who had access, at SACI's expense, to SACI's attorneys or independent legal counsel. In addition, SACI's management will gather pricing information, estimates or fairness opinions from unaffiliated third parties with respect to similar transactions undertaken by SACI.

Advisors

In connection with the acquisition, SACI has agreed to pay Mr. Greg Baty a fee of \$250,000 for services provided as a finder. As previously disclosed in this proxy statement, SACI obtained a

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fairness opinion from North Point Advisors LLC and paid North Point Advisors LLC a fee of \$140,000 for such opinion. In addition, Broadband Capital Management LLC, the underwriter for SACI's initial public offering, will be paid a placement agent fee in an amount equal to approximately \$6,750,000 for its services provided in connection with the private placement financing as discussed in this proxy statement.

BENEFICIAL OWNERSHIP OF SECURITIES

The following table sets forth information regarding the beneficial ownership of the common stock of SACI as of June 23, 2006, which amount includes shares of common stock which may be acquired by such persons within 60 days from June 23, 2006 by:

- each person known by SACI to be the beneficial owner of more than 5% of its outstanding shares of common stock based solely upon the amounts and percentages as are contained in the public filings of such persons;
- each of SACI's officers and directors; and
- all of SACI's officers and directors as a group.

Unless otherwise indicated, SACI believes that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership	Percentage of Outstanding Common Stock
FMR Corp. ⁽²⁾	1,807,300	8.6%
John A. Griffin ⁽³⁾	1,490,000	7.1%
Steven R. Berrard ⁽⁴⁾⁽⁵⁾	1,187,535	5.6%
Thomas E. Aucamp ⁽⁵⁾⁽⁶⁾	712,493	3.3%
Thomas C. Byrne ⁽⁵⁾⁽⁶⁾	712,493	3.3%
I. Steven Edelson ⁽⁵⁾⁽⁸⁾⁽⁹⁾	712,493	3.3%
Nathaniel Kramer ⁽⁵⁾⁽⁷⁾⁽⁹⁾	712,493	3.3%
Cris V. Branden ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾	178,124	*
Richard L. Handley ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾	178,123	*
	4,393,754	20.0%

All directors and executive officers as a group (6 individuals)

*Less than one percent.

- (1) Unless otherwise indicated, the business address of each of the individuals is 401 East Olas Blvd, Suite 1140, Fort Lauderdale, Florida 33301.
- (2) May be deemed to be controlled by Edward C. Johnson, III and members of his family. The business address of FMR Corp. is 82 Devonshire St., Boston, MA 02109.
- (3) Includes 923,800 shares owned by Blue Ridge Capital Holdings LLC and 566,200 shares owned by Blue Ridge Capital Offshore Holdings LLC. Mr. Griffin is the Managing Member of Blue Ridge Capital Holdings LLC and Blue Ridge Capital Offshore Holdings LLC, and in that capacity directs their operations. Blue Ridge Capital Holdings LLC is the general partner of Blue Ridge Limited Partnership and has the power to direct the affairs of Blue Ridge Limited Partnership, including decisions respecting the receipt of dividends from and the proceeds from the sale of common stock. Blue Ridge Capital Offshore Holdings LLC is the general partner of Blue Ridge Offshore Master Limited Partnership and has the power to direct the affairs of Blue Ridge Offshore Master Limited Partnership, including decisions respecting the receipt of dividends from and the proceeds from the sale of common stock. The business address for this individual is 660 Madison Avenue, 20 th Floor, New York, New York 10021. The foregoing information was derived from a Schedule 13G, as filed with the Securities and Exchange Commission on February 3, 2006.
- (4) Mr. Berrard is our Chairman of the Board and Chief Executive Officer. The share amount includes warrants to purchase 250,000 shares of common stock at \$6.00 per share.
- (5) Each of these individuals is a director.
- (6) Mr. Aucamp is our Vice President and Secretary. The share amount includes warrants to purchase 150,000 shares of common stock at \$6.00 per share.
- (7) The share amount includes warrants to purchase 150,000 shares of common stock at \$6.00 per share.

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- (8) Includes 562,493 shares owned by The Edelson Family Trust, which is a trust established by Mr. Edelson for the benefit of his spouse and descendants, of which Mr. Edelson is the trustee. Mr. Edelson is our Vice Chairman and Vice President. The share amount includes warrants to purchase 150,000 shares of common stock at \$6.00 per share.
 - (9) The business address for this individual is c/o Mercantile Capital Partners, 1372 Shermer Road, Northbrook, Illinois 60062.
 - (10) The business address for this individual is 450 East Olas Blvd, Suite 1500, Fort Lauderdale, Florida 33301.
 - (11) The share amount includes warrants to purchase 37,500 shares of common stock at \$6.00 per share.
- Beneficial Ownership following the Merger:

Solely for illustrative purposes, the following table is designed to set forth information regarding the beneficial ownership of the common stock of SACI of each person who is anticipated to own greater than 5% of SACI's outstanding common stock and each of SACI's officers and directors who will act in such capacity following the merger with Jamba Juice Company immediately following the closing of the merger with Jamba Juice Company, based on the following assumptions:

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The current ownership of the entities and individuals identified above remains unchanged, except for shares acquired as a result of certain insiders participating in the private placement as described in Proposal 2;

- The issuance of 30,879,999 shares of common stock as a result of the private placement as described in Proposal 2; and
- The capital structure of SACI remains unchanged such that 21,000,000 shares of common stock will continue to remain outstanding and has not increased as a result of any warrant exercises.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Outstanding Common Stock
Soros Strategic Partners, L.P. ⁽¹⁾	2,666,667	5.1%
Tudor Related Entities ⁽²⁾	9,333,334	18.0%
John Griffin ⁽³⁾	4,823,333	9.3%
PCM I, LLC ⁽⁴⁾	3,333,333	6.4%
Och Ziff Related Entities ⁽⁵⁾	3,333,333	6.4%
Paul E. Clayton ⁽⁶⁾	70,000	*
Donald D. Breen ⁽⁶⁾	40,000	*
Karen Kelley ⁽⁶⁾	27,500	*
Steven R. Berrard ⁽⁷⁾	1,187,535	2.3%
Thomas C. Byrne ⁽⁸⁾	712,493	1.4%
Robert Kagle ⁽⁹⁾	3,333,333	6.4%
Craig J. Foley	66,666	*
Richard Federico	—	—
Ramon Martin-Busutil	—	—
Brian Swette	—	—

*less than one percent

⁽¹⁾Which may be deemed to be controlled by Geoge Soros.

⁽²⁾The Altar Rock Fund, L.P., Tudor Proprietary Trading, LLC, The Raptor Global Portfolio, LTD and the Tudor BVI Global Portfolio LTD which may be deemed to be controlled by Paul Tudor Jones.

⁽³⁾Blue Ridge Limited Partnership and Blue Ridge Offshore Master Limited Partnership which may be deemed to be controlled by John Griffin.

⁽⁴⁾Which may be deemed to be controlled by Michael Zimmerman.

⁽⁵⁾Och Ziff Master Fund, LTD, Och Ziff Global Special Investment Master Fund, LP, Fleet Maritime, Inc. and GPC LVII, LLC which may be deemed to be controlled by Daniel Och.

⁽⁶⁾Represents shares of restricted stock and does not include an amount of options which may be granted to such individual, as described in Proposal 3, as such options are not exercisable within 60 days of granting and does not include options which may be granted to such individuals in exchange for their options of Jamba Juice Company as such final number is not determinable at this time as the exchange ratio for the options that will be used to determine the number of options of SACI that each warrant of Jamba Juice will be exchanged for, will be calculated by using the average daily closing price of SACI common stock for the five trading days immediately preceding the closing date of the merger.

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⁽⁷⁾The amount includes warrants to purchase 250,000 shares of common stock which become exercisable

on the later of completion of the merger or June 29, 2006.

⁽⁸⁾The amount includes warrants to purchase 150,000 shares of common stock which become exercisable on the later of completion of the merger or June 29, 2006.

⁽⁹⁾Includes shares of Benchmark Capital Partners IV, L.P. (2,222,222 shares) but does not include shares of common stock which may be issued in exchange for the 450,000 warrants of Jamba Juice held by Mr. Kagle as such amount is not determinable at this time as the warrant exchange ratio, which will be used to determine the number of warrants of SACI that each warrant of Jamba Juice Company will be exchanged for, will be calculated by using the average daily closing price of SACI common stock for the five trading days immediately preceding the closing date of the merger. Assuming an average closing price of \$10.00, Mr. Kagle's 450,000 outstanding Jamba Juice Company warrants would be exchanged for warrants to purchase 270,000 shares of SACI's common stock.

All of the SACI shares of common stock outstanding prior to the effective date of its initial public offering were placed in escrow with Continental Stock Transfer & Trust Company, as escrow agent, and shall remain in escrow until the earliest of:

- June 29, 2008;
- SACI's liquidation; or
- the consummation of a liquidation, merger, stock exchange or other similar transaction which results in all of SACI's stockholders having the right to exchange their shares of common stock for cash, securities or other property subsequent to SACI consummating a business combination with a target business.

The Jamba Juice Company merger and the related financing will not have the effect of releasing shares from escrow. The certificates representing shares currently in escrow may be replaced by certificates representing the shares of the renamed entity.

During the escrow period, the holders of these shares will not be able to sell or transfer their securities, except to their spouses and children or trusts established for their benefit, but will retain all other rights as SACI stockholders, including, without limitation, the right to vote their shares of common stock and the right to receive cash dividends, if declared. If dividends are declared and payable in shares of common stock, such dividends will also be placed in escrow. If SACI is unable to effect a business combination and liquidate, none of SACI's existing stockholders owning shares of SACI's common stock prior to its initial public offering will receive any portion of the liquidation proceeds with respect to common stock owned by them prior to the date of the prospectus.

PRICE RANGE OF SECURITIES AND DIVIDENDS

SACI

The shares of SACI common stock, warrants and units are currently quoted on the American Stock Exchange under the symbols SVI, SVI.WS and SVI.U, respectively. The closing prices per share of common stock, warrant and unit of SACI on March 10, 2006, the last trading day before the announcement of the execution of the Agreement and Plan of Merger, were \$7.45, \$1.20 and \$8.55 (the closing price on March 9, 2006). Each unit of SACI consists of one share of SACI common stock and one redeemable common stock purchase warrant. SACI warrants became separable from SACI common stock on July 28, 2005. Each warrant entitles the holder to purchase from SACI one share of common stock at an exercise price of \$6.00 commencing the later of the completion of the Jamba Juice Company merger or June 29, 2006. The SACI warrants will expire at 5:00 p.m., New York City time, on June 28, 2009, or earlier upon redemption. Prior to July 6, 2005, there was no established public trading market for our common stock.

The closing price per share of SACI common stock, warrants and units as reported on the American Stock Exchange on August 1, 2006, was \$9.27, \$3.33 and \$13.17, respectively.

Except for the Plan, SACI does not currently have any authorized or outstanding equity compensation plans.

The following table sets forth, for the calendar quarter indicated, the quarterly high and low sales prices of our units, common stock and warrants as reported on the American Stock Exchange since

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our units commenced public trading on June 30, 2005 and since such common stock and warrants commenced public trading on July 28, 2005.

	American Stock Exchange					
	Common Stock		Warrants		Units	
	High	Low	High	Low	High	Low
2005 Second Quarter ⁽¹⁾	NA	NA	NA	NA	\$ 8.05	\$ 7.84
2005 Third Quarter ⁽²⁾	\$ 7.20	\$ 6.99	\$ 1.05	\$ 0.89	\$ 8.09	\$ 7.84
2005 Fourth Quarter	\$ 7.16	\$ 7.03	\$ 0.96	\$ 0.73	\$ 8.15	\$ 7.80
2006 First Quarter	\$ 11.84	\$ 7.06	\$ 5.50	\$ 0.67	\$ 17.16	\$ 7.70
2006 Second Quarter	\$ 12.87	\$ 9.30	\$ 6.64	\$ 3.35	\$ 19.25	\$ 13.00

⁽¹⁾The figures for the second quarter 2005 are only for June 30, 2005, the date on which our units first commenced trading on the American Stock Exchange.

⁽²⁾Our common stock and warrants commenced trading on the American Stock Exchange on July 28, 2005.

Holders

As of August 1, 2006, there was one holder of record of our units, 16 holders of record of our common stock and one holder of record of our warrants.

Dividends

We have not paid any dividends on our common stock to date and do not intend to pay dividends prior to the completion of a business combination. The payment of dividends in the future will be contingent upon our revenue and earnings, if any, capital requirements and general financial condition subsequent to completion of a business combination. The payment of any dividends subsequent to a business combination will be within the discretion of our then board of directors. It is the present intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board does not anticipate declaring any dividends in the foreseeable future.

Jamba Juice Company

There is no established public trading market for the shares of capital stock of Jamba Juice Company. There are currently 321 holders of the shares of Jamba Juice Company common stock and 123 holders of preferred stock (21 of which also hold shares of common stock of Jamba Juice Company). Jamba Juice Company has two authorized and outstanding equity compensation plans, the 1994 Option Plan and the 2001 Option Plan, as previously described. Upon consummation of the merger, all of the outstanding shares of capital stock of Jamba Juice Company will be held

by SACI and the outstanding options of Jamba Juice Company under the 1994 Option Plan and the 2001 Option Plan will be assumed by SACI as part of the merger.

Dividends Upon Completion of the Merger

Upon completion of the merger with Jamba Juice Company, SACI does not intend to pay any dividends on its shares of common stock. Rather, it intends to reinvest any earnings back into the combined company. At this time, the combined company anticipates that it will retain any earnings and will not pay dividends in the foreseeable future. The combined company also expects that any loan or credit facilities that it enters into will limit its ability to pay dividends.

DESCRIPTION OF SECURITIES

General

SACI is currently authorized to issue 70,000,000 shares of common stock, par value \$.001, and 1,000,000 shares of preferred stock, par value \$.001. As of August 1, 2006, 21,000,000 shares of common stock are outstanding, held by eleven record holders. No shares of preferred stock are currently outstanding.

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Units

Each unit consists of one share of common stock and one warrant, which started trading separately as of the opening of trading on July 28, 2005. Each warrant entitles the holder to purchase one share of common stock at an exercise price of \$6.00 per share.

Common stock

SACI's stockholders are entitled to one vote for each share held of record on all matters to be voted on by stockholders. In connection with the vote required for any business combination, all of SACI's existing stockholders, including all of its officers and directors, have agreed to vote their respective shares of common stock owned by them immediately prior to SACI's initial public offering in accordance with the majority of the votes cast by the public stockholders. This voting arrangement shall not apply to shares included in units purchased in SACI's initial public offering or purchased following the offering in the open market by any of SACI's initial stockholders, officers and directors. Additionally, SACI's initial stockholders, officers and directors will vote all of their shares in any manner they determine, in their sole discretion, with respect to any other items that come before a vote of SACI's stockholders.

SACI will proceed with a business combination only if: (i) a majority of the shares of common stock voted by the holders of the common stock issued in SACI's initial public offering that are present in person or by proxy and entitled to vote are voted in favor of the business combination and (ii) public stockholders owning less than 20% of the shares sold in SACI's initial public offering exercise their conversion rights discussed below.

If SACI is forced to liquidate prior to a business combination, holders of SACI's shares of common stock purchased in its initial public offering are entitled to share ratably in the trust fund, inclusive of any interest, and any net assets remaining available for distribution to them after payment of liabilities. SACI's initial stockholders have agreed to

waive their rights to share in any distribution with respect to common stock owned by them prior to the initial public offering if SACI is forced to liquidate.

SACI's stockholders have no conversion, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the common stock, except that public stockholders have the right to have their shares of common stock converted to cash equal to their pro rata share of the trust fund if they vote against the business combination and the business combination is approved and completed. Public stockholders who convert their stock into their share of the trust fund still have the right to exercise the warrants that they received as part of the units.

Holders of 3,750,000 shares of common stock that were outstanding prior to SACI's initial public offering are entitled to registration rights. The holders of the majority of these shares are entitled to make up to two demands that SACI register the resale of these shares. The holders of the majority of these shares can elect to exercise these registration rights at any time after the date on which these shares of common stock are released from escrow. In addition, these stockholders have certain "piggy-back" registration rights on registration statements filed subsequent to the date on which these shares of common stock are released from escrow. SACI will bear the expenses incurred in connection with the filing of any such registration statements.

Preferred stock

SACI's certificate of incorporation authorizes the issuance of 1,000,000 shares of blank check preferred stock with such designation, rights and preferences as may be determined from time to time by SACI's board of directors. Accordingly, SACI's board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of common stock, although the underwriting agreement prohibits SACI, prior to a business combination, from issuing preferred stock which participates in any manner in the proceeds of the trust fund, or which votes as a class with the common stock on a business combination. SACI may issue some or all of the preferred

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stock to effect a business combination, although SACI will not issue any preferred stock in the acquisition of Jamba Juice Company. In addition, the preferred stock could be utilized as a method of discouraging, delaying or preventing a change in control of SACI. Although SACI does not currently intend to issue any shares of preferred stock, SACI cannot assure you that it will not do so in the future.

Warrants

SACI currently has warrants outstanding to purchase 17,250,000 shares of SACI common stock. Each warrant entitles the registered holder to purchase one share of SACI's common stock at a price of \$6.00 per share, subject to adjustment as discussed below, at any time commencing on the later of:

- the completion of a business combination; or
- June 29, 2006.

The warrants will expire on June 28, 2009, at 5:00 p.m., New York City time. SACI may call the warrants for redemption, in whole and not in part, at a price of \$.01 per warrant at any time after the warrants become exercisable, upon not less than 30 days' prior written notice of redemption to each warrant holder, if, and only if, the last reported

sale price of the common stock equals or exceeds \$11.50 per share, for any 20 trading days within a 30 trading day period ending on the third business day prior to the notice of redemption to warrant holders and the weekly trading volume of SACI's common stock has been at least 800,000 shares for each of the two calendar weeks prior to the notice of redemption.

The warrants are issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and SACI.

The exercise price and number of shares of common stock issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, or SACI's recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of common stock at a price below their respective exercise prices.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified check payable to SACI, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock or any voting rights until they exercise their warrants and receive shares of common stock. After the issuance of shares of common stock upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, SACI will, upon exercise, round up to the nearest whole number the number of shares of common stock to be issued to the warrant holder.

Unit Purchase Option

In connection with its initial public offering, SACI agreed to sell to Broadband Capital Management LLC, the underwriter in SACI's initial public offering, for \$100, an option to purchase up to a total of 750,000 units. The units issuable upon exercise of this option are identical to those offered in SACI's initial public offering except that the warrants included in the option have an exercise price of \$7.50 (125% of the exercise price of the warrants included in the units sold in the initial public offering). This option is exercisable at \$10.00 per unit commencing on the later of the consummation of a business combination and June 29, 2006 and expiring June 29, 2010. The option may not be sold, transferred, assigned, pledged or hypothecated for the one-year period ending June 29, 2006. The exercise price and number of units issuable upon exercise of the option may be adjusted in certain circumstances including in the event of a stock dividend, or SACI's recapitalization,

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reorganization, merger or consolidation. However, the option will not be adjusted for issuances of common stock at a price below its exercise price.

Transfer Agent and Warrant Agent

The transfer agent for SACI's securities and warrant agent for SACI's warrants is Continental Stock Transfer & Trust Company, 17 Battery Place, New York, New York 10004.

STOCKHOLDER PROPOSALS

Regardless of whether the acquisition of Jamba Juice Company is consummated, the SACI 2006 annual meeting of stockholders will be held on or about _____, 2006, unless the date is changed by the board of directors. If you are a stockholder and you want to include a proposal in the proxy statement for the 2006 annual meeting, you need to provide it to us by no later than _____, 2006.

WHERE YOU CAN FIND MORE INFORMATION

SACI files reports, proxy statements and other information with the Securities and Exchange Commission as required by the Securities Exchange Act of 1934, as amended.

You may read and copy reports, proxy statements and other information filed by SACI with the Securities and Exchange Commission at the Securities and Exchange Commission public reference room located at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549.

You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. You may also obtain copies of the materials described above at prescribed rates by writing to the Securities and Exchange Commission, Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549.

SACI files its reports, proxy statements and other information electronically with the Securities and Exchange Commission. You may access information on SACI at the Securities and Exchange Commission web site containing reports, proxy statements and other information at: <http://www.sec.gov>.

Information and statements contained in this proxy statement, or any annex to this proxy statement, are qualified in all respects by reference to the copy of the relevant contract or other annex filed as an exhibit to this proxy statement.

All information contained in this proxy statement relating to SACI has been supplied by SACI, and all such information relating to Jamba Juice Company has been supplied by Jamba Juice Company. Information provided by either of SACI or Jamba Juice Company does not constitute any representation, estimate or projection of the other.

If you would like additional copies of this proxy statement, or if you have questions about the acquisition or the financing, you should contact:

Services Acquisition Corp. International
Attn: Thomas Aucamp
401 East Olas Boulevard, Suite 1140
Fort Lauderdale, Florida 33301
(954) 713-1190

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(a corporation in the development stage)

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SERVICES ACQUISITION CORP. INTERNATIONAL AND SUBSIDIARY
(a corporation in the development stage)
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2006 (unaudited, As Restated)	December 31, 2005 As Restated
ASSETS		
Current assets		
Cash	\$ 741,417	\$ 976,915
Prepaid expenses and other assets	55,126	56,772
Total current assets	796,543	1,033,687
Other assets		
Cash held in trust	129,066,348	128,174,091
Deferred transaction costs	1,009,989	—
Total assets	\$ 130,872,880	\$ 129,207,778
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 486,747	\$ 54,919
Accrued expenses	660,613	114,933
Derivative liabilities	73,972,500	13,987,103
Total current liabilities	75,119,860	14,156,955
Common stock, subject to possible redemption, 3,448,275 shares at redemption value	25,241,373	25,241,373
Stockholders' equity		
Preferred stock, \$.001 par value, authorized 1,000,000 shares; none issued	—	—
Common stock, \$.001 par value, authorized 70,000,000 shares; issued and outstanding 21,000,000 shares (which includes the 3,448,275 shares subject to possible redemption)	21,000	21,000
Paid-in capital in excess of par	86,492,551	86,492,551
Equity accumulated during the development stage	(56,001,904)	3,295,899
Total stockholders' equity	30,511,647	89,809,450
Total liabilities and stockholders' equity	\$ 130,872,880	\$ 129,207,778

See accompanying notes to financial statements.

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SERVICES ACQUISITION CORP. INTERNATIONAL AND SUBSIDIARY
(a corporation in the development stage)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended March 31,		From inception
	2006	2005	to March 31, 2006
	(unaudited, As Restated)	(unaudited)	(unaudited, As Restated)
Interest and dividend income	\$ 900,786	\$	\$ 2,354,877
Loss on derivative liabilities	(59,985,397)		(57,860,777)
Formation and operating costs	173,812	966	370,426
Interest expense			1,265
Loss before taxes	(59,258,423)	(966)	(55,877,591)
Provision for income taxes	39,380		124,313
Net loss	\$ (59,297,803)	\$ (966)	\$ (56,001,904)
Weighted average shares outstanding:			
Basic	21,000,000	3,214,247	13,940,973
Diluted	21,000,000	3,214,247	13,940,973
Net loss per share, basic	\$ (2.82)	\$ (0.00)	\$ (4.02)
Net loss per share, diluted	\$ (2.82)	\$ (0.00)	\$ (4.02)

See accompanying notes to financial statements.

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SERVICES ACQUISITION CORP. INTERNATIONAL AND SUBSIDIARY

(a corporation in the development stage)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,		From inception
	2006	2005	To March 31, 2006
	(unaudited, As Restated)	(unaudited)	(unaudited)
Cash flows from operating activities			
Net loss	\$ (59,297,803)	\$ (966)	\$ (56,001,904)
Increase (decrease) in cash attributable to change in			
Derivative liabilities	59,985,397	—	57,860,777
Deferred transaction costs	(1,009,989)	—	(1,009,989)
Prepaid expenses	1,646	—	(55,126)
Accounts payable and accrued expenses	977,508	750	1,147,360
Net cash provided by (used in) operating activities	656,759	(216)	1,941,118
Cash flows from financing activities			
Proceeds from note payable, stockholders	—	90,000	160,000
Payment of note payable, stockholders	—	—	(160,000)

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Proceeds from sale of stock	—	25,000	29,179
Gross proceeds of public offering	—	—	120,000,000
Payments of costs of public offering	—	(100,817)	(9,082,632)
Gross proceeds of over-allotment option offering	—	—	18,000,000
Payments of costs of over-allotment option offering	—	—	(1,080,000)
Proceeds from issuance of option	—	—	100
Net cash provided by financing activities	—	14,183	127,866,647
Net cash used in investing activity, cash held in trust	(892,257)	—	(129,066,348)
Net (decrease) increase in cash	(235,498)	13,967	741,417
Cash, beginning of period	976,915	—	—
Cash, end of period	\$ 741,417	\$ 13,967	\$ 741,417

See accompanying notes to financial statements.

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SERVICES ACQUISITION CORP. INTERNATIONAL AND SUBSIDIARY

Notes to Unaudited Condensed Consolidated Financial Statements

The unaudited condensed consolidated financial statements include the accounts of Services Acquisition Corp. International and its wholly owned subsidiary, JJC Acquisition Company, collectively (the “Company”). The unaudited condensed consolidated financial statements for the three months ended March 31, 2006 and 2005 included herein have been prepared in accordance with the instructions for Form 10-Q under the Securities Exchange Act of 1934, as amended, and Article 10 of Regulation S-X under the Securities Act of 1933, as amended. Certain information and footnote disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations relating to interim financial statements.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all material adjustments necessary to present fairly the Company’s financial position as of March 31, 2006 and the results of its operations for the three months ended March 31, 2006 and 2005, respectively, and for the period from January 6, 2005 (inception) to March 31, 2006 and cash flows for the three months ended March 31, 2006 and 2005, respectively, and for the period from January 6, 2005 (inception) to March 31, 2006. The results of operations for the three months ended March 31, 2006 and 2005, and for the period from January 6, 2005 (inception) to March 31, 2006, are unaudited and are not necessarily indicative of the results to be expected for the full year. The unaudited condensed consolidated financial statements included herein should be read in conjunction with the financial statements and related footnotes included in the Company’s 2005 Form 10-K/A.

1. Nature of operations and summary of significant accounting policies

The Company was incorporated in Delaware on January 6, 2005 as a blank check company whose objective is to acquire through a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. The Company selected December 31 as its fiscal year end. On March 9, 2006, Services Acquisition Corp. International incorporated a wholly-owned subsidiary, JJ Acquisition Company. (“JJC”.) As of March 31, 2006, there are no assets or liabilities and there was no activity for JJC.

The registration statement for the Company's initial public offering (the "Offering") was declared effective June 29, 2005. The Company consummated the offering on July 6, 2005 and received net proceeds of approximately \$110,917,000 and executed the over-allotment option offering on July 7, 2005 and received net proceeds of approximately \$16,920,000. The Company's management has broad discretion with respect to the specific application of the net proceeds of the Offering, although substantially all of the net proceeds of this Offering are intended to be generally applied toward consummating a business combination with an operating company. As used herein, a "target business" shall include an operating business that provides services and a "business combination" shall mean the acquisition by the Company of such a target business.

The Company's efforts in identifying a prospective business target are not limited to a particular industry, although management intends to focus on high margin service businesses with recurring revenue. The success and ongoing profitability of such business will not necessarily be predicated on continually generating new revenue, but rather on forging a valued bond for which switching costs may be high or alternatives of lower value. Within this context, the Company expects to seek companies displaying a number of characteristics: recurring revenues, focus on a service rather than a product, high gross margins, stable cash flow and opportunities for organic and acquisition growth.

Upon the closing of the Offering, an amount of \$126,720,000 was placed in a trust account at JP Morgan Chase NY Bank maintained by Continental Stock Transfer & Trust Company to be invested until the earlier of (i) the consummation of the Company's first business combination or (ii) the liquidation of the Company. As of March 31, 2006, the balance in the trust account is \$129,066,348. The remaining proceeds are available to the Company to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

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The Company, after signing a definitive agreement for the acquisition of a target business, will submit such transaction for stockholder approval. In the event that stockholders owning 20% or more of the outstanding stock excluding, for this purpose, those persons who were stockholders prior to the Offering, vote against the business combination, the business combination will not be consummated. All of the Company's stockholders prior to the Offering, including all of the officers and directors of the Company ("Initial Stockholders"), have agreed to vote their 3,750,000 founding shares of common stock in accordance with the vote of the majority in interest of all other stockholders of the Company ("Public Stockholders") with respect to any business combination. After consummation of the Company's first business combination, none of these voting safeguards will be applicable.

With respect to the first business combination, which is approved and consummated, any Public Stockholder who voted against the business combination may demand that the Company redeem his or her shares. The per share redemption price will equal the amount in the Trust Fund as of the record date for determination of stockholders entitled to vote on the business combination divided by the number of shares of common stock held by Public Stockholders at the consummation of the Offering. Accordingly, Public Stockholders holding 19.99% of the aggregate number of shares owned by all Public Stockholders may seek redemption of their shares in the event of a business combination. Such Public Stockholders are entitled to receive their pro rata interest in the trust fund computed without regard to the shares held by Initial Stockholders. As of March 31, 2006, the pro rata interest in the trust fund was \$7.48 per share.

The Company's Certificate of Incorporation provides for mandatory liquidation of the Company, without stockholder approval, in the event that the Company does not consummate a business combination within 18 months from the date

of the consummation of the Offering, or 24 months from the consummation of the Offering, if certain extension criteria have been satisfied. In the event of liquidation, it is likely that the per share value of the residual assets remaining available for distribution (including trust fund assets) will be less than the offering price per share in the Offering.

The Company formed JJC Acquisition Company (a wholly owned subsidiary), a California corporation, on March 9, 2006 for the sole purpose of the acquisition of Jamba Juice Company, as described in Note 3 below.

There is no assurance that the Company will be successful to find and consummate a business combination. Therefore, there is a risk of substantial loss to the stockholders.

Accounting for Warrants and Derivative Instruments

On July 6, 2005, the Company consummated its initial public offering of 15,000,000 units. On July 7, 2005, the Company consummated the closing of an additional 2,250,000 units that were subject to the underwriters' over-allotment option. Each unit consists of one share of common stock and one redeemable common stock purchase warrant. Each warrant entitles the holder to purchase from the Company one share of its common stock at an exercise price of \$6.00.

The Company sold to the representative of the underwriter, for \$100, an option to purchase up to a total of 750,000 units. The units issuable upon exercise of this option are identical to those sold in the initial public offering, except that the warrants included in the option have an exercise price of \$7.50 (125% of the exercise price of the warrants included in the units sold in the offering). This option is exercisable at \$10.00 per unit commencing on the later of the consummation of a business combination and June 27, 2006 and expires on June 27, 2010.

In September 2000, the Emerging Issues Task Force issued EITF 00-19, "Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in, a Company's Own Stock," ("EITF 00-19") which requires freestanding contracts that are settled in a company's own stock, including common stock warrants, to be designated as an equity instrument, asset or a liability. Under the provisions of EITF 00-19, a contract designated as an asset or a liability must be carried at fair value on a company's balance sheet, with any changes in fair value recorded in the company's results of operations. A contract designated as an equity instrument must be included within equity, and no fair value adjustments are required from period to period. In accordance with EITF 00-19, the

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17,250,000 warrants issued to purchase common stock are separately accounted for as liabilities. The fair value of these warrants is shown on the Company's balance sheet and the unrealized changes in the values of these derivatives are shown in the Company's consolidated statement of operations as "Gain (loss) on derivative liabilities." These warrants are freely traded on the American Stock Exchange, consequently the fair value of these warrants are estimated as the market price of a warrant at each period end. To the extent that the market price increases or decreases, the Company's derivative liabilities will also increase or decrease, including the effect on the Company's consolidated statement of operations.

Fair values for exchange-traded securities and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market based pricing models incorporating readily observable market data and requiring judgment and estimates. The purchase option to purchase 750,000 shares is considered an

equity instrument, as the underlying shares do not need to be registered, and all other criteria to be accounted for as an equity instrument have been fulfilled. The embedded derivative, the warrant to purchase 750,000 shares for \$7.50 each, follow the same accounting guidelines, as the 17,250,000 warrants discussed previously, and is considered a liability.

Statement of Financial Accounting Standard (“SFAS”) No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended, requires all derivatives to be recorded on the balance sheet at fair value. Furthermore, paragraph 11(a) of SFAS No. 133 precludes contracts issued or held by a reporting entity that are both (1) indexed to its own stock and (2) classified as stockholders' equity in its statement of financial position from being treated as derivative instruments. We have determined that the option to purchase 750,000 units, each unit consisting of one warrant and one share of common stock, is a derivative that also contains an embedded derivative. The option to purchase 750,000 shares of common stock and the warrant to purchase an additional 750,000 shares, the latter being the embedded derivative, are separately valued and accounted for on the Company's balance sheet. While the warrant to purchase the additional 750,000 shares is indexed to the Company's common stock, the fact that the shares underlying the warrants require future registration in accordance with the warrant agreement, requires the Company to classify these instruments as a liability in accordance with EITF 00-19, paragraph 14.

As such, the option to purchase 750,000 units is considered an equity instrument, as the underlying shares do not need to be registered, and all other criteria in EITF 00-19 required for the instrument to be accounted for as an equity instrument have been fulfilled. The embedded derivative which is the warrant to purchase 750,000 shares for \$7.50 each, follows the same accounting guidelines as the 17,250,000 warrants disclosed in our 10-K/A and is considered a liability. These derivative liabilities have been, and will continue to be adjusted to fair value in our quarterly filings.

The Company performed a valuation of the option to purchase 750,000 units, and then allocated its fair value to its two components, the underlying 750,000 shares and the embedded warrant to purchase additional 750,000 shares. The fair value at inception was calculated to be \$894,909, or \$1.19 per unit, of which \$653,186 was allocated to the purchase option of 750,000 shares and \$241,723 was allocated to the warrants to purchase an additional 750,000 shares, according to their respective fair values.

The pricing model the Company uses for determining fair values of the purchase option and the embedded derivative is the Black Scholes Pricing Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates, market prices and volatilities. Selection of these inputs involves management's judgment and may impact net income.

In particular, the Company uses volatility rates based upon a sample of comparable companies in its industry, special purpose acquisition corporations. At the time a company to be acquired has been identified and agreements to acquire are in place, the volatility rates will be based on comparable companies to the acquired company. The Company uses a risk-free interest rate, which is the rate on U. S. Treasury instruments, for a security with a maturity that approximates the estimated remaining contractual life of the derivative. The volatility factor used in Black Scholes has a significant effect on

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the resulting valuation of the derivative liabilities on the Company's balance sheet. The volatility for the calculation of the embedded derivatives was approximated at 41.4%, this volatility-rate will likely change in the future. The Company uses the closing market price of the Company's common stock at the end of a quarter when a derivative is

valued at fair value. The Company's stock price will also change in the future. To the extent that the Company's stock price increases or decreases, the Company's derivative liabilities will also increase or decrease, absent any change in volatility rates and risk-free interest rates.

Income per Common Share

Basic earnings-per-share is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding during the period, increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued, by application of the treasury stock method. During the three months ended March 31, 2006, the dilutive potential common shares were not included in the computation of diluted loss per share, because the inclusion of convertible warrants would be anti-dilutive. The dilutive impact of 4,884,014 shares and 2,260,622 shares from the 18,000,000 warrants outstanding with exercise prices ranging from \$6.00 to \$10.00 were not included in the computation of diluted loss per share in the three months ended March 31, 2006 and the period from inception to March 31, 2006 and 2005, respectively since their inclusion would be anti-dilutive.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company complies with SFAS 109, "Accounting for Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Principles of Consolidation

The consolidated financial statements include the accounts of Services Acquisition Corp. International and its wholly owned subsidiary. All significant intercompany transactions and balances have been eliminated in consolidation.

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2. Restatement and reclassifications of previously issued financial statements

Summary of Restatement Items

In August 2006, the Company concluded that it was necessary to restate its financial results for the fiscal year ended December 31, 2005 and for the interim periods ended September 30, 2005 and March 31 2006 to reflect additional

non-operating gains and losses related to the classification of and accounting for: (1) the warrants to purchase common stock associated with the units sold at the initial public offering of the Company and (2) warrants to purchase common stock embedded in a option to purchase units consisting of one share and one warrant to purchase one additional share, issued to Broadband Capital in connection with the initial public offering. The Company had previously classified the value of these warrants to purchase common stock, when applicable, as equity. After further review, the Company has determined that these instruments should have been classified as derivative liabilities and therefore, the fair value of each instrument must be recorded as a derivative liability on the Company's balance sheet. Changes in the fair values of these instruments will result in adjustments to the amount of the recorded derivative liabilities and the corresponding gain or loss will be recorded in the Company's statement of operations. At the date of the conversion of each respective instrument or portion thereof (or exercise of the options or warrants or portion thereof, as the case may be), the corresponding derivative liability will be reclassified as equity.

The accompanying financial statements for the three months ended March 31, 2006 have been restated to effect the changes described above. The impact of the adjustments related to the classification of and accounting for the warrants for the period from inception to March 31, 2006 and for the three months ended March 31, 2006 are summarized below:

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Statement of Operations

	For the Period January 6, 2005 (inception) to March 31, 2006		
	As Previously Reported	Adjustment	As Restated
Interest income	\$ 2,354,877	\$ —	\$ 2,354,877
Loss on derivative liabilities	—	57,860,777	57,860,777
Formation and operating cost	370,426		370,426
Interest expense	1,265		1,265
Income (loss) before income taxes	1,983,186	(57,860,777)	(55,877,591)
Provision for income taxes	124,313		124,313
Net income (loss)	\$ 1,858,873	\$ (57,860,777)	\$ (56,001,904)
Basic earnings (loss) per share	\$ 0.13	\$ (4.15)	\$ (4.02)
Diluted earnings (loss) per share	\$ 0.12	\$ (4.14)	\$ (4.02)
Basic weighted average shares outstanding	13,940,973		13,940,973
Diluted weighted average shares outstanding	16,086,105	(2,145,132)	13,940,973

	For the three months ended March 31, 2006		
	As Previously Reported	Adjustment	As Restated
Interest income	\$ 900,786	\$ —	\$ 900,786
Loss on derivative liabilities	—	59,985,397	59,985,397

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Formation and operating cost	173,812	—	173,812
Interest expense	—	—	—
Income (loss) before income taxes	726,974	(59,985,397)	(59,258,423)
Provision for income taxes	39,380		39,380
Net income (loss)	\$ 687,594	\$ (59,985,397)	\$ (59,297,803)
Basic earnings (loss) per share	\$ 0.03	\$ (2.85)	\$ (2.82)
Diluted earnings (loss) per share	\$ 0.03	\$ (2.85)	\$ (2.82)
Basic weighted average shares outstanding	21,000,000	—	21,000,000
Diluted weighted average shares outstanding	24,884,014	(3,884,014)	21,000,000

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Balance Sheet Impact

The following table sets forth the effects of the restatement adjustments on the Company's consolidated balance sheet as of March 31, 2006:

	March 31, 2006 As Previously Reported	Adjustment	March 31, 2006 (As Restated)
ASSETS			
Current assets			
Cash	\$ 741,417	\$ —	\$ 741,417
Prepaid expenses	55,126	—	55,126
Total current assets	796,543	—	796,543
Other assets			
Cash held in trust	129,066,348	—	129,066,348
Total assets	\$ 130,872,880	\$ —	\$ 130,872,880
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	\$ 486,747	\$ —	\$ 486,747
Accrued expenses	660,613		660,613
Derivative liabilities	—	73,972,500	73,972,500
Total current liabilities	1,147,360	73,972,500	75,119,860
Common stock, subject to possible redemption, 3,448,275 shares at redemption value	25,241,373	—	25,241,373
STOCKHOLDERS' DEFICIT			
Preferred stock, \$.001 par value, authorized 1,000,000, none Issued	—	—	—
Common stock, \$.001 par value, authorized 70,000,000 shares; issued and outstanding 21,000,000 shares (which includes the 3,448,275 shares subject to possible redemption)	21,000		21,000

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Additional paid in capital	102,604,274	(16,111,723)	86,492,551
Equity accumulated during the development stage	1,858,873	(57,860,777)	(56,001,904)
Total stockholders' equity	104,484,147	(73,972,500)	30,511,647
Total liabilities and stockholders' equity	\$ 130,872,880	\$ —	\$ 130,872,880

3. Commitments and contingencies

The Company agreed to pay up to \$7,500 a month in total for office space and general and administrative expense to a related entity and two stockholders. Upon completion of a business combination or liquidation, the Company will no longer be required to pay these monthly fees. The monthly fee commenced on July 6, 2005.

The Company sold to the representative of the underwriter, for \$100, an option to purchase up to a total of 750,000 units. The units issuable upon exercise of this option are identical to those offered by the Company in the Offering except that the warrants included in the option have an exercise price of \$7.50 (125% of the exercise price of the warrants included in the units sold in the offering). This option is exercisable at \$10.00 per unit commencing on the later of the consummation of a business combination and one year from the date of the Offering and expiring five years from the date of the

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Offering. The option may not be sold, transferred, assigned, pledged or hypothecated for a one-year period following the date of the S-1 filing, or not before June 27, 2006. However, the option may be transferred to any underwriter and selected dealer participating in the Offering and their bona fide officers or partners.

The Company engaged Broadband Capital Management LLC to act as the representative of the underwriters, on a non-exclusive basis, as our agent for the solicitation of the exercise of the warrants. To the extent not inconsistent with the guidelines of the NASD and the rules and regulations of the Securities and Exchange Commission, the Company has agreed to pay the representative for bona fide services rendered a commission equal to 5% of the exercise price for each warrant exercised after June 29, 2006 if the exercise was solicited by the underwriters. In addition to soliciting, either orally or in writing, the exercise of the warrants, the representative's services may also include disseminating information, either orally or in writing, to warrant holders about us or the market for our securities, and assisting in the processing of the exercise of the warrants. No compensation will be paid to the representative upon the exercise of the warrants if:

- the market price of the underlying shares of common stock is lower than the exercise price;
- the holder of the warrants has not confirmed in writing that the underwriters solicited the exercise;
- warrants are held in a discretionary account;
- the warrants are exercised in an unsolicited transaction; or
- the arrangement to pay the commission is not disclosed in the prospectus provided to warrant holders at the time of exercise.

4. Proposed Acquisition

On March 10, 2006, the Company entered into an Agreement and Plan of Merger ("Merger Agreement") with JJC Acquisition Company ("JJC"), a wholly-owned California corporate subsidiary of Company, and Jamba Juice

Company, a California corporation (“Jamba Juice”), pursuant to which JJC will merge into Jamba Juice and Jamba Juice will become a wholly-owned subsidiary of Company. Following completion of the merger, it is anticipated that Company will change its name to Jamba, Inc. Because the Company will have no other operating business following the merger, Jamba Juice will effectively become a public company at the conclusion of the merger. Jamba Juice is headquartered in San Francisco, California. Jamba Juice as of April 4, 2006 has 325 company owned locations and 213 franchise locations operating in 24 states, the District of Columbia and the Bahamas.

The Merger Agreement provides that at the closing of the merger, the Jamba Juice stockholders, subject to certain holdbacks and less (i) \$16,000,000 for the assumption by the Company of Jamba Juice’s line of credit and (ii) all third-party and expenses incurred by Jamba Juice in connection with the merger, including without limitation, all legal, accounting, financial advisory, consulting and all other fees and expenses of third parties incurred by Jamba Juice in connection with the negotiation and completion of the Merger Agreement and the transactions contemplated thereby, will be paid an aggregate of \$265,000,000, in cash, for all of the outstanding capital stock of Jamba Juice and the value of all shares of Jamba Juice capital stock issuable upon exercise of all “in-the-money” vested and unvested options and warrants of Jamba Juice, subject to the option holders and warrant holders, in certain instances, having the right to exchange their respective options and warrants into options and warrants of the Company, as further described below. A portion of the purchase price will be funded with cash currently being held in the trust fund established in connection with the Company’s initial public offering and the balance of the purchase price will be funded from the proceeds of a private placement financing, as discussed herein, that is expected to be completed simultaneously with the merger with Jamba Juice.

Also, as part of a private placement financing, on March 10, 2006 and March 15, 2006, Company entered into Securities Purchase Agreements and Registration Rights Agreements, with prospective investors (including certain current Jamba Juice stockholders and board members) that collectively

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provide for the issuance, simultaneously with the closing of the merger, of approximately 30.9 million shares of the Company common stock, at a per share purchase price of \$7.50, resulting in aggregate gross proceeds to the Company of approximately \$231.6 million, which funds will be used to fund the merger consideration as well as additional working and expansion capital.

If the acquisition falls through, the \$1,009,989 of deferred transaction costs, classified on the balance sheet as other assets, will be immediately expensed.

5. Liquidity

The Company’s current cash position is approximately \$741,000. The Company has at this point outstanding payables, accrued expenses and liabilities of approximately \$1.1 million. The Company’s short term liabilities exceed our available cash position by approximately \$406,000.

In the event the business combination is not consummated within the agreed upon time period, the Company does not believe it will have sufficient available funds outside of the trust fund to operate through July 6, 2007. The Company has incurred approximately \$1.0 million in expenses for legal, accounting and other expenses attendant to the due diligence investigations, structuring and negotiating of the business combination. The Company believes that it will likely be forced to liquidate should the business combination with Jamba Juice not be consummated.

6. Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences, as may be determined from time to time by the Board of Directors.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Services Acquisition Corp. International

We have audited the accompanying balance sheet of Services Acquisition Corp. International (a corporation in the development stage) as of December 31, 2005 and the related statements of operations, stockholders' equity, and cash flows for the period from January 6, 2005 (inception) to December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit 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 audit includes 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, as well as evaluating the overall financial statements presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Services Acquisition Corp. International (a corporation in the development stage) as of December 31, 2005, and the results of its operations and its cash flows for the period from January 6, 2005 (inception) to December 31, 2005, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the financial statements, the Company has restated its December 31, 2005 financial statements to reflect additional non-operating gains and losses related to the classification and accounting for: (1) the warrants to purchase common stock associated with the units sold at the initial public offering of the Company and (2) warrants to purchase common stock embedded in a option to purchase units consisting of one share and one warrant to purchase one additional share, issued to Broadband Capital in connection with the initial public offering.

/s/ Rothstein, Kass & Company, P.C.

Roseland, New Jersey

March 23, 2006, except for notes 1, 2, 5 and 6 which are dated August 1, 2006

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SERVICES ACQUISITION CORP. INTERNATIONAL

(a corporation in the development stage)

BALANCE SHEET

December 31, 2005 (As Restated)

ASSETS

Current assets	
Cash	\$ 976,915
Prepaid expenses	56,772
Total current assets	1,033,687
Other assets	
Cash held in trust	128,174,091
Total assets	\$ 129,207,778

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable	\$ 1,234
Accrued accounting	30,000
Accrued franchise taxes	53,685
Income taxes payable	84,933
Derivative liabilities	13,987,103
Total current liabilities	14,156,955
Common stock, subject to possible redemption, 3,448,275 shares at redemption value	25,241,373
Stockholders' equity	
Preferred stock, \$.001 par value, authorized 1,000,000 shares; none issued	
Common stock, \$.001 par value, authorized 70,000,000 shares; issued and outstanding 21,000,000 shares (which includes the 3,448,275 shares subject to possible redemption)	21,000
Additional Paid-in Capital	86,492,551
Equity accumulated during the development stage	3,295,899
Total stockholders' equity	89,809,450
Total liabilities and stockholders' equity	\$ 129,207,778

See accompanying notes to financial statements.

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SERVICES ACQUISITION CORP. INTERNATIONAL

(a corporation in the development stage)

STATEMENT OF OPERATIONS, AS RESTATED

	For the Period January 6, 2005 (inception) to December 31, 2005 As Restated
Interest income	\$ 1,454,091
Gain on derivative liabilities	2,124,620
Formation and operating costs	196,614
Interest expense	1,265
Net income before income taxes	3,380,832
Provision for state income taxes	84,933
Net income	\$ 3,295,899
Basic weighted average shares outstanding	11,777,489
Basic earnings per share	\$ 0.28
Diluted weighted average shares outstanding	13,049,709
Diluted earnings per share	\$ 0.25

See accompanying notes to financial statements.

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SERVICES ACQUISITION CORP. INTERNATIONAL

(a corporation in the development stage)

Statement of Stockholders' Equity

For period from January 6, 2005 (inception) to December 31, 2005, As Restated

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Equity Accumulated Deficit	Stockholders' Equity As Restated
Balance January 6, 2005 (inception)		— \$	— \$	Development Stage	— \$
Common shares issued	3,750,000	3,750	25,429		29,179
Sale of 15,000,000 shares, net of underwriters' discount and offering expenses (including 2,998,500 shares subject to possible redemption)	15,000,000	15,000	110,902,368		110,917,368
Sale of 2,250,000 shares through the over-allotment option offering, net of underwriters' discount (including 449,775 shares	2,250,000	2,250	16,917,750		16,920,000

subject to possible redemption)					
Proceeds subject to possible redemption (3,448,275 shares)			(25,241,373)		(25,241,373)
Reclassification to derivative liabilities (warrants) for part of proceeds from the sale of shares			(16,111,723)		(16,111,723)
Proceeds from issuance of option			100		100
Net income				3,295,899	3,295,899
Balances, at December 31, 2005	21,000,000	\$ 21,000	\$ 86,492,551	\$ 3,295,899	\$ 89,809,450

See accompanying notes to financial statements.

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SERVICES ACQUISITION CORP. INTERNATIONAL (a corporation in the development stage)

STATEMENT OF CASH FLOWS

For period from January 6, 2005 (inception) to December 31, 2005 (As Restated)

Cash flows from operating activities	(As Restated)
Net income	\$ 3,295,899
Increase (decrease) in cash attributable to change in	
Prepaid expenses	(56,772)
Accounts payable	1,234
Accrued accounting	30,000
Accrued franchise tax	53,685
Income taxes payable	84,933
Derivative liabilities	(2,124,620)
Net cash provided by operating activities	1,284,359
Cash flows from financing activities	
Proceeds from notes payable, stockholders	160,000
Payment of notes payable, stockholders	(160,000)
Proceeds from sale of stock	29,179
Gross proceeds of public offering	120,000,000
Payments of costs of public offering	(9,082,632)
Gross proceeds of over-allotment option offering	18,000,000
Payments of costs of over-allotment option offering	(1,080,000)
Proceeds from issuance of option	100

Net cash provided by financing activities	127,866,647
Net cash used in investing activity	
cash held in trust	(128,174,091)
Net increase in cash	976,915
Cash, beginning of period	—
Cash, end of period	\$ 976,915

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and summary of significant accounting policies

Nature of Operations

Services Acquisition Corp. International (the “Company”) was incorporated in Delaware on January 6, 2005 as a blank check company whose objective is to acquire through a merger, capital stock exchange, asset acquisition or other similar business combination a currently unidentified operating business. The Company has selected December 31 as its fiscal year-end.

The registration statement for the Company’s initial public offering (the “Offering”) was declared effective June 29, 2005. The Company consummated the offering on July 6, 2005 and received net proceeds of approximately \$110,917,368 and executed the over-allotment option offering on July 7, 2005 and received net proceeds of approximately \$16,920,000. The Company’s management has broad discretion with respect to the specific application of the net proceeds of the Offering, although substantially all of the net proceeds of the Offering are intended to be generally applied toward consummating a business combination with an operating company. As used herein, a “target business” shall include an operating business that provides services and a “business combination” shall mean the acquisition by the Company of such a target business.

The Company’s efforts in identifying a prospective business target are not limited to a particular industry, although management intends to focus on high margin service businesses with recurring revenue. The success and ongoing profitability of such business will not necessarily be predicated on continually generating new revenue, but rather on forging a valued bond for which switching costs may be high or alternatives of lower value. Within this context, the Company expects to seek companies displaying a number of characteristics: recurring revenue, focus on a service rather than a product, high gross margins, stable cash flow and opportunities for organic and acquisition growth.

Upon the closing of the Company’s offering, \$126,720,000 was placed in a trust account at JP Morgan Chase NY Bank maintained by Continental Stock Transfer & Trust Company to be invested until the earlier of (i) the consummation of the Company’s first business combination or (ii) the liquidation of the Company. As of December 31, 2005, the balance in the trust account was \$128,174,091. The remaining proceeds are available to the Company to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

The Company, after signing a definitive agreement for the acquisition of a target business, will submit such transaction for stockholder approval. In the event that stockholders owning 20% or more of the outstanding stock excluding, for this purpose, those persons who were stockholders prior to the Offering, vote against the business combination, the business combination will not be consummated. All of the Company's stockholders prior to the Offering, including all of the officers and directors of the Company ("Initial Stockholders"), have agreed to vote their 3,750,000 founding shares of common stock in accordance with the vote of the majority in interest of all other stockholders of the Company ("Public Stockholders") with respect to any business combination. After consummation of the Company's first business combination, all of these voting safeguards will no longer be applicable.

With respect to the first business combination, which is approved and consummated, any Public Stockholder who voted against the business combination may demand that the Company redeem his or her shares. The per share redemption price will equal the amount in the Trust Fund as of the record date for determination of stockholders entitled to vote on the business combination divided by the number of shares of common stock held by Public Stockholders at the consummation of the Offering. Accordingly, Public Stockholders holding 19.99% of the aggregate number of shares owned by all Public Stockholders may seek redemption of their shares in the event of a business combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Fund computed without regard to the shares held by Initial Stockholders. Accordingly the Company has set up a liability on the balance sheet for the possible redemption of 3,448,275 shares of common stock in the amount of \$25,241,373

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The Company's Certificate of Incorporation provides for mandatory liquidation of the Company, without stockholder approval, in the event that the Company does not consummate a business combination within 18 months from the date of the consummation of the Offering, or 24 months from the consummation of the Offering if certain extension criteria have been satisfied. In the event of liquidation, it is likely that the per share value of the residual assets remaining available for distribution (including Trust Fund assets) will be less than the offering price per share in the Offering (assuming no value is attributed to the Warrants contained in the Units to be offered in the Offering discussed in Note 3.)

Cash Equivalents

The Company considers all highly liquid money market investments to be cash equivalents.

Common Stock

In March 2005, the Board of Directors of the Company approved a stock dividend of 1.5714 shares of common stock for each outstanding share of common stock to all shareholders of record on March 28, 2005. The sole purpose for such dividend was to maintain the existing shareholders' collective ownership at 20% of issued and outstanding shares immediately after the Company's initial offering of 15.0 million units at \$8.00 per unit. Subsequent to the initial offering, the underwriters exercised their over-allotment option of 2.25 million units effectively lowering the founder's ownership to approximately 17.86%. All transactions and disclosures in the financial statements, related to the Company's common stock, have been adjusted to reflect the results of the stock dividend.

Income Per Common Share

The Company complies with SFAS No. 128, "Earnings Per Share" which requires dual presentation of basic and diluted income per share for all periods presented. Basic income per share excludes dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then share in the income of the Company.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company complies with SFAS No. 109, "Accounting for Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Accounting for Warrants and Derivative Instruments

On July 6, 2005, the Company consummated its initial public offering of 15,000,000 units. On July 7, 2005, the Company consummated the closing of an additional 2,250,000 units that were subject to the underwriters' over-allotment option. Each unit consists of one share of common stock and one

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redeemable common stock purchase warrant. Each warrant entitles the holder to purchase from the Company one share of its common stock at an exercise price of \$6.00.

The Company sold to the representative of the underwriter, for \$100, an option to purchase up to a total of 750,000 units. The units issuable upon exercise of this option are identical to those sold in the initial public offering, except that the warrants included in the option have an exercise price of \$7.50 (125% of the exercise price of the warrants included in the units sold in the offering). This option is exercisable at \$10.00 per unit commencing on the later of the consummation of a business combination and June 27, 2006 and expires on June 27, 2010.

In September 2000, the Emerging Issues Task Force issued EITF 00-19, "Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in, a Company's Own Stock," ("EITF 00-19") which requires freestanding contracts that are settled in a company's own stock, including common stock warrants, to be designated as an equity instrument, asset or a liability. Under the provisions of EITF 00-19, a contract designated as an asset or a liability must be carried at fair value on a company's balance sheet, with any changes in fair value recorded in the company's results of operations. A contract designated as an equity instrument must be included within equity, and no fair value

adjustments are required from period to period. In accordance with EITF 00-19, the 17,250,000 warrants issued to purchase common stock are separately accounted for as liabilities. The fair value of these warrants is shown on the Company's balance sheet and the unrealized changes in the values of these derivatives are shown in the Company's consolidated statement of operations as "Gain (loss) on derivative liabilities." These warrants are freely traded on the American Stock Exchange, consequently the fair value of these warrants are estimated as the market price of a warrant at each period end. To the extent that the market price increases or decreases, the Company's derivative liability will also increase or decrease, including the effect on the Company's consolidated statement of operations.

Fair values for exchange-traded securities and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market based pricing models incorporating readily observable market data and requiring judgment and estimates. The purchase option to purchase 750,000 shares is considered an equity instrument, as the underlying shares do not need to be registered, and all other criteria to be accounted for as an equity instrument have been fulfilled. The embedded derivative, the warrant to purchase 750,000 shares for \$7.50 each, follow the same accounting guidelines, as the 17,250,000 warrants discussed previously, and is considered a liability.

Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, requires all derivatives to be recorded on the balance sheet at fair value. Furthermore, paragraph 11(a) of SFAS No. 133 precludes contracts issued or held by a reporting entity that are both (1) indexed to its own stock and (2) classified as stockholders' equity in its statement of financial position from being treated as derivative instruments. The Company has determined that the option to purchase 750,000 units, each unit consisting of one warrant and one share of common stock, is a derivative that also contains an embedded derivative. The option to purchase 750,000 shares of common stock and the warrant to purchase an additional 750,000 shares, the latter being the embedded derivative, are separately valued and accounted for on the Company's balance sheet. While the warrant to purchase the additional 750,000 shares is indexed to the Company's common stock, the fact that the shares underlying the warrants require future registration in accordance with the warrant agreement, requires the Company to classify these instruments as a liability in accordance with EITF 00-19, paragraph 14.

As such, the option to purchase 750,000 units is considered an equity instrument, as the underlying shares do not need to be registered, and all other criteria in EITF 00-19 required for the instrument to be accounted for as an equity instrument have been fulfilled. The embedded derivative which is the warrant to purchase 750,000 shares for \$7.50 each, follows the same accounting guidelines as the 17,250,000 warrants disclosed in our 10-K/A and is considered a liability. These derivative liabilities have been, and will continue to be adjusted to fair value in our quarterly filings.

The Company performed a valuation of the option to purchase 750,000 units, and then allocated its fair value to its two components, the underlying 750,000 shares and the embedded warrant to purchase an additional 750,000 shares. The fair value of inception was calculated to be \$894,909 or

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\$1.19 per unit, of which \$653,186 was allocated to the purchase option of 750,000 shares and \$241,723 was allocated to the warrants to purchase an additional 750,000 shares according to their respective fair values.

The pricing model the Company uses for determining fair values of the purchase option and the embedded derivative is the Black Scholes Pricing Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates, market prices and volatilities.

Selection of these inputs involves management's judgment and may impact net income.

In particular, the Company uses volatility rates based upon a sample of comparable companies in its industry, special purpose acquisition corporations. At the time a company to be acquired has been identified and agreements to acquire are in place, the volatility rates will be based on comparable companies to the acquired company. The Company uses a risk-free interest rate, which is the rate on U. S. Treasury instruments, for a security with a maturity that approximates the estimated remaining contractual life of the derivative. The volatility factor used in Black Scholes has a significant effect on the resulting valuation of the derivative liabilities on the Company's balance sheet. The volatility for the calculation of the embedded derivatives was approximated at 41.4%, this volatility-rate will likely change in the future. The Company uses the closing market price of the Company's common stock at the end of a quarter when a derivative is valued at fair value. The Company's stock price will also change in the future. To the extent that the Company's stock price increases or decreases, the Company's derivative liability will also increase or decrease, absent any change in volatility rates and risk-free interest rates.

Recently Issued Accounting Standards

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), "Accounting for Stock-Based Compensation (Revised)." SFAS 123(R) supersedes APB No. 25 and its related implementation guidance. SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. SFAS No. 123(R) focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award the requisite service period (usually the vesting period). No compensation costs are recognized for equity instruments for which employees do not render the requisite service. The grant-date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of those instruments (unless observable market prices for the same or similar instruments are available). If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. SFAS No. 123(R) is effective as of the beginning of the fiscal year that begins after June 15, 2005.

2. Restatement and reclassifications of previously issued financial statements

Summary of Restatement Items

In August 2006, the Company concluded that it was necessary to restate its financial results for the fiscal year ended December 31, 2005 and for the interim periods ended September 30, 2005 and March 31 2006 to reflect additional non-operating gains and losses related to the classification of and accounting for: (1) the warrants to purchase common stock associated with the units sold at the initial public offering of the Company and (2) warrants to purchase common stock embedded in an option to purchase units consisting of one share and one warrant to purchase one additional share, issued to Broadband Capital in connection with the initial public offering. The Company had previously

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classified the value of these warrants to purchase common stock, when applicable, as equity. After further review, the Company has determined that these instruments should have been classified as derivative liabilities and therefore, the fair value of each instrument must be recorded as a derivative liability on the Company's balance sheet. Changes in the fair values of these instruments will result in adjustments to the amount of the recorded derivative liabilities and the corresponding gain or loss will be recorded in the Company's statement of operations. At the date of the conversion of each respective instrument or portion thereof (or exercise of the options or warrants or portion thereof, as the case may be), the corresponding derivative liability will be reclassified as equity.

The accompanying financial statements for the year ended December 31, 2005 have been restated to effect the changes described above. The impact of the adjustments related to the classification of and accounting for the warrants for the year ended December 31, 2005 are summarized below:

Consolidated Statement of Operations

	For the Period January 6, 2005 (inception) to December 31, 2005		
	As Previously Reported	Adjustment	As Restated
Interest income	\$ 1,454,091	\$ —	\$ 1,454,091
Gain on derivative liabilities	—	2,124,620	2,124,620
Formation and operating cost	196,614		196,614
Interest expense	1,265		1,265
Income before income taxes	1,256,212	2,124,620	3,380,832
Income taxes	84,933		84,933
Net income	\$ 1,171,279	\$ 2,124,620	\$ 3,295,899
Basic earnings per share	\$ 0.10	\$ 0.18	\$ 0.28
Diluted earnings per share	\$ 0.09	\$ 0.16	\$ 0.25
Basic weighted average shares outstanding	11,777,489		11,777,489
Diluted weighted average shares outstanding	13,049,709		13,049,709

Balance Sheet Impact

The following table sets forth the effects of the restatement adjustments on the Company's consolidated balance sheet as of December 31, 2005:

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	December 31, 2005		
	As Previously Reported	Adjustment	(Restated)

ASSETS

Current assets

Cash	\$ 976,915	\$ —	\$ 976,915
Prepaid expenses	56,772	—	56,772
Total current assets	1,033,687	—	1,033,687

Other assets

Cash held in trust	128,174,091	—	128,174,091
Total assets	\$ 129,207,778	\$ —	\$ 129,207,778

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable	\$ 1,234	\$ —	\$ 1,234
Accrued accounting	30,000	—	30,000
Accrued franchise taxes	53,685	—	53,685
Income taxes payable	84,933	—	84,933
Derivative liabilities	—	13,987,103	13,987,103
Total current liabilities	169,852	13,987,103	14,156,955

Common stock, subject to possible redemption,

3,448,275 shares at redemption value	25,241,373	—	25,241,373
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STOCKHOLDERS' DEFICIT

Preferred stock, \$.001 par value, authorized 1,000,000, none issued

Common stock, \$.001 par value, authorized 70,000,000 shares; issued and outstanding 21,000,000 shares

(which includes the 3,448,275 shares subject to possible redemption)

	21,000	—	21,000
Additional paid in capital	102,604,274	(16,111,723)	86,492,551
Equity accumulated during the development stage	1,171,279	2,124,620	3,295,899
Total stockholders' equity	89,902,692	(13,987,103)	89,809,450
Total liabilities and stockholders' equity	\$ 129,207,778	\$ —	\$ 129,207,778

3. Investments held in Trust

Investments held in trust as of December 31, 2005 were in cash, not cash equivalents. During 2005 the Company invested in various short-term tax free money market funds promulgated under the Investment Company Act of 1940. Dividend and interest income earned on such investments was the Company's sole source of income during the year.

4. Initial Public Offering

On July 6, 2005, the Company sold 15,000,000 units ("Units") in the Offering. An additional 2,250,000 Units were issued on July 7, 2005 to cover the over-allotment granted to the underwriters. Each Unit consists of one share of the Company's common stock, \$.001 par value, and one Redeemable Common Stock Purchase Warrant ("Warrant"). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of \$6.00 commencing the later of the completion of a business combination with a target business or one year from the effective date of the Offering and expiring at 5:00 PM on June 28, 2009. The Warrants will be redeemable at a price of \$.01 per Warrant upon 30 days notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$11.50 per share for any 20 trading days within a 30 trading day period ending on the third day prior to date on which notice of redemption is given.

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5. Income Taxes

The components of the provision for income taxes for the year ended December 31, 2005 are as follows:

Current:		
Federal	\$	—
State		84,933
Foreign		—
Total current	\$	84,933
Deferred		
Federal	\$	—
State		—
Foreign		—
Total deferred	\$	—

The differences between the statutory rate and the Company's effective income tax rate are as follows:

		2005	
Federal tax benefit at the statutory rate	\$	(1,131,942)	(34.0%)
State income taxes, net of federal benefits		(45,600)	(1.4)
Non-taxable interest income		490,392	14.7
Non-taxable gain on derivative liabilities		704,830	21.2
Permanent differences		(6,863)	(0.5)
Change in valuation allowance		95,134	2.9
Other		(21,018)	(0.6)
Effective income tax rate	\$	84,933	2.6%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, together with net operating loss and tax credit carry-forwards. Significant components of the Company's deferred tax assets and liabilities at December 31, 2005 are as follows:

		2005
Deferred tax assets (liabilities):		
Net operating loss carryforwards	\$	56,916
Organizational costs		38,218
		95,134
Valuation allowance		(95,134)
Net deferred taxes	\$	—

The valuation allowance for deferred taxes increased by approximately \$95,134 during 2005, respectively, providing a full valuation allowance against the Company's net deferred tax assets as a result of the uncertainty as to whether the

Company will acquire an operating entity and utilize these tax benefits.

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6. Derivative Liabilities

	At issuance date		At December 31, 2005	
	per warrant	Total	per warrant	Total
Fair value of warrants part of initial public offering unit 17,250,000 warrants	\$ 0.92	\$ 15,870,000	\$ 0.80	\$ 13,800,000
Fair value of warrants embedded in purchase option units 750,000 warrants	\$ 0.32	\$ 241,723	\$ 0.25	\$ 187,103
Total		\$ 16,111,723		\$ 13,987,103

7. Commitments and contingencies

The Company has agreed to pay up to \$7,500 a month in total for office space and general and administrative expense to a related entity and two stockholders. Upon completion of a business combination or liquidation, the Company will no longer be required to pay these monthly fees. The monthly fee started on July 6, 2005.

As part of the Offering, the stockholders prior to the initial public offering agreed that after the Offering was completed and within the first twenty trading days after separate trading of the warrants has commenced, they or certain of their affiliates or designees would collectively purchase up to 1,000,000 warrants in the public marketplace at prices not to exceed \$1.20 per warrant. They further agreed that any warrants purchased by them or their affiliates or designees will not be sold or transferred until the completion of a business combination. In addition, subject to any regulatory restrictions and subsequent to the completion of the purchase of the 1,000,000 warrants described above and within the first twenty trading days after separate trading of the warrants has commenced, the representative of the underwriter, or certain of its principals, affiliates or designees has to purchase up to 500,000 warrants in the public marketplace at prices not to exceed \$1.20 per warrant. The Units separated on July 28, 2005; as per the preceding sentence, the shareholders prior to the initial public offering purchased 1,000,000 warrants at an average price of \$1.01375 and the underwriter or its affiliates purchased 500,000 warrants at an average price of \$0.99.

The Company has sold to the representative of the underwriter, for \$100, an option to purchase up to a total of 750,000 units. The units issuable upon exercise of this option are identical to those offered by this prospectus except that the warrants included in the option have an exercise price of \$7.50 (125% of the exercise price of the warrants included in the units sold in the offering). This option is exercisable at \$10.00 per unit commencing on the later of the consummation of a business combination and one year from the date of this prospectus and expiring four years from the date of this prospectus. The option and the 750,000 units, the 750,000 shares of common stock and the 750,000 warrants underlying such units, and the 750,000 shares of common stock underlying such warrants, have been deemed compensation by the National Association of Securities Dealers ("NASD") and are therefore subject to a 180-day lock-up pursuant to Rule 2710(g)(1) of the NASD Conduct Rules. Additionally, the option may not be sold, transferred, assigned, pledged or hypothecated for a one-year period (including the foregoing 180-day period) following the date of this prospectus. However, the option may be transferred to any underwriter and selected dealer

participating in the offering and their bona fide officers or partners.

The Company has engaged Broadband Capital Management LLC to act as the representative of the underwriters, on a non-exclusive basis, as our agent for the solicitation of the exercise of the warrants. To the extent not inconsistent with the guidelines of the NASD and the rules and regulations of the Securities and Exchange Commission, we have agreed to pay the representative for bona fide services rendered a commission equal to 5% of the exercise price for each warrant exercised after June 29, 2006 if the exercise was solicited by the underwriters. In addition to soliciting, either orally or in writing, the exercise of the warrants, the representative's services may also include disseminating information, either orally or in writing, to warrant holders about us or the market for our securities, and assisting in the processing of the exercise of the warrants. No compensation will be paid to the representative upon the exercise of the warrants if:

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- the market price of the underlying shares of common stock is lower than the exercise price;
- the holder of the warrants has not confirmed in writing that the underwriters solicited the exercise;
- the warrants are held in a discretionary account;
- the warrants are exercised in an unsolicited transaction; or
- the arrangement to pay the commission is not disclosed in the prospectus provided to warrant holders at the time of exercise.

8. Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences, as may be determined from time to time by the Board of Directors.

9. Subsequent Events

On March 10, 2006, the Company, Services Acquisition Corp. International ("SVI") and JJC Acquisition Company ("JJC"), a wholly-owned California corporate subsidiary of SVI, and Jamba Juice Company, a California corporation ("Jamba Juice"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which JJC will merge into Jamba Juice and Jamba Juice will become a wholly-owned subsidiary of SVI. Following completion of the merger, it is anticipated that SVI will change its name to Jamba, Inc. Because SVI will have no other operating business following the merger, Jamba Juice will effectively become a public company at the conclusion of the merger. The Board of Directors will have representation from both entities. Jamba Juice is headquartered in San Francisco, California and as of March 7, 2006 had 532 locations, 323 company-owned and 209 franchised, operating in 24 states, the District of Columbia and the Bahamas.

Under the terms of the agreement, Jamba Juice shareholders will be paid an aggregate of \$265,000,000, less \$16,000,000 for certain existing indebtedness and the amount of certain transaction related expenses, in cash, for all of the outstanding capital stock of Jamba Juice and the value of all shares of Jamba Juice capital stock issuable upon exercise of all "in-the-money" vested and unvested options and warrants of Jamba Juice, subject to the option holders and warrant holders, in certain instances, having the right to exchange their respective options and warrants into options and warrants of SVI.

To fund the transaction and provide additional capital for growth and expansion, various institutional investors have agreed to purchase 30,879,999 million shares of SVI common stock at \$7.50 per share in a private placement, which will be funded at the closing of the merger. The gross proceeds from this placement, estimated at \$231,600,000, will be combined with the approximately \$128,174,091 of cash currently held in trust by SVI to fund the transaction and provide growth capital.

The closings of the merger and SVI financing are subject to customary closing conditions, including approval of the merger agreement by the stockholders of both Jamba Juice Company (which occurred on March 22, 2006) and SVI and the expiration of any waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 as amended. In addition, the closing is conditioned on holders of not more than 20% of the shares of SVI voting against the merger and electing to convert their SVI shares into cash, as permitted by the SVI certificate of incorporation.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Jamba Juice Company and Subsidiary:

We have audited the accompanying consolidated balance sheets of Jamba Juice Company and subsidiary as of June 28, 2005 and June 29, 2004, and the related consolidated statements of operations, common stockholders' deficit and cash flows for each of the three fiscal years in the period ended June 28, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements 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 audit 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Jamba Juice Company and subsidiary as of June 28, 2005 and June 29, 2004, and the results of their operations and their cash flows for each of the three fiscal years in the period ended June 28, 2005, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17, the accompanying financial statements for the years ended June 29, 2004, and June 24, 2003 have been restated.

/s/ Deloitte & Touche LLP
 San Francisco, California
 October 6, 2005 (May 12, 2006 as to Note 18)

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JAMBA JUICE COMPANY AND SUBSIDIARY
 CONSOLIDATED BALANCE SHEETS
 (In thousands)

	April 4, 2006 (unaudited)	June 28, 2005	June 29, 2004 (As Restated, see Note 16)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,794	1,368	3,097
Notes and accounts receivable, net of allowances of \$31, \$67 and \$65, respectively	1,443	1,633	1,327
Inventories	2,480	2,361	1,826
Deferred income taxes	3,873	3,506	6,333
Prepaid expenses and other current assets	4,981	4,127	2,599
Total current assets	14,571	12,995	15,182
Property, fixtures and equipment – net	71,797	65,412	43,089
Goodwill	2,663	2,663	2,663
Other intangible assets – net	314	396	507
Deferred income taxes	8,291	8,358	6,661
Other long-term assets	2,614	2,783	3,037
TOTAL	\$ 100,250	\$ 92,607	\$ 71,139
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	\$ 6,897	\$ 9,585	\$ 8,924
Accrued compensation and benefits	8,022	7,522	7,265
Workers compensation self-insurance reserve	2,499	2,031	1,350
Accrued store value cards	14,579	11,933	7,455
Line of credit note payable	18,000	—	—
Current portion of litigation settlement payable	1,091	645	645
Other accrued expenses	5,885	4,928	1,934
Total current liabilities	56,973	36,644	27,573
Deferred franchise revenue	505	479	1,199
Line of credit note payable	—	13,000	3,250
Litigation settlement payable	—	988	1,527
Deferred rent and other long-term liabilities	9,011	7,898	5,410
COMMITMENTS AND CONTINGENCIES			

CONVERTIBLE REDEEMABLE PREFERRED STOCK:

No par value – 30,000,000 shares authorized. Redemption value at June 28, 2005 is \$52,162: shares issued and outstanding at June 28, 2005: Series A, 3,000,000; Series B, 2,250,053; Series C, 7,415,206; Series D, 9,998,905; Series E, 2,482,726. Liquidation preference:

\$62,094	52,162	52,162	52,237
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COMMON STOCKHOLDERS' DEFICIT:

Common stock, no par value – 50,000,000 shares authorized; 10,772,030, 10,515,082 and 10,315,311 shares issued and outstanding, respectively

	103	103	101
Additional paid-in-capital	11,978	11,583	11,054
Accumulated deficit	(30,482)	(30,250)	(31,212)
Total common stockholders' deficit	(18,401)	(18,564)	(20,057)
TOTAL	\$ 100,250	\$ 92,607	\$ 71,139

See notes to consolidated financial statements.

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Table of Contents**JAMBA JUICE COMPANY AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF OPERATIONS**

FOR THE FISCAL YEARS ENDED JUNE 28, 2005, JUNE 29, 2004, AND JUNE 24, 2003
AND THE 40 WEEK PERIODS ENDED APRIL 4, 2006 AND APRIL 5, 2005
(in thousands, except share date)

	40 Weeks Ended		Fiscal Years Ended		
	April 4, 2006 (unaudited)	April 5, 2005 (unaudited)	June 28, 2005	June 29, 2004 (As Restated, see Note 16)	June 24, 2003 (As Restated, see Note 16)
REVENUE:					
Company stores	\$ 173,789	\$ 141,484	\$ 202,073	\$ 165,856	\$ 129,960
Franchise and other revenue	6,572	4,628	6,976	6,922	5,424
Total revenue	180,361	146,112	209,049	172,778	135,384
OPERATING EXPENSES:					
Cost of sales and related occupancy costs	64,527	52,533	73,665	54,887	43,879
Store operating expense	74,057	61,446	85,020	68,365	52,376
Other operating expense	5,171	4,016	8,460	6,366	4,178
Depreciation and amortization	9,954	7,794	10,355	7,719	7,511
General and administrative expense	23,401	19,270	24,239	22,658	17,645
Store preopening expense	1,677	2,177	3,077	2,659	969

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Franchise support expense	1,520	460	460	3,604	2,040
Loss on asset impairment, store closures and disposals	937	940	1,019	1,421	1,555
Gift certificate breakage income	(1,399)				
Sales tax settlement	—	—	2,569	0	0
Litigation settlement (see Note 15)	—	—	(2,650)	(85)	5,084
Total operating expenses	179,845	148,636	206,214	167,594	135,237
INCOME (LOSS) FROM OPERATIONS	516	(2,524)	2,835	5,184	147
INTEREST EXPENSE – Net	837	519	778	488	316
INCOME (LOSS) BEFORE INCOME TAX	(321)	(3,043)	2,057	4,696	(169)
INCOME TAX (BENEFIT) EXPENSE	(89)	(1,539)	1,095	(11,217)	(820)
NET INCOME (LOSS)	\$ (232)	\$ (1,504)	\$ 962	\$ 15,913	\$ 651

See notes to consolidated financial statements.

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JAMBA JUICE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' DEFICIT

FOR THE FISCAL YEARS ENDED JUNE 28, 2005, JUNE 29, 2004, AND JUNE 24, 2003 AND THE 40 WEEKS ENDED APRIL 4, 2006 (in thousands, except share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Notes Receivable from Stock Sales	Accumulated Deficit	Total Common Stockholders'
BALANCE – June 30, 2002 (As restated, see Note 16)	10,025,374	\$ 98	\$ 10,833	\$(12)	\$ (46,578)	\$ (35,759)
Issuance of common stock	287,084	3	90			93
Redeemable preferred stock accretion					(958)	(958)
Cancellation of previously issued shares and other	(73,248)	(1)		2		1
Net income					651	651
BALANCE – June 24, 2003 (As restated, see Note 16)	10,239,210	100	10,923	(110)	(46,885)	(35,972)
Issuance of common stock	76,101	1	122			123
Redeemable preferred stock accretion					(240)	(240)

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Other		9			9	
Repayment of note receivable				110		110
Net income					15,913	15,913
BALANCE – June 29, 2004 (As restated, see Note 16)	10,315,311	101	11,054		(31,212)	(20,057)
Issuance of common stock	169,411	2	361			363
Other			93			93
Conversion of preferred shares	30,360		75			75
Net income		—			962	962
BALANCE – June 28, 2005	10,515,082	103	11,583		(30,250)	(18,564)
Issuance of common stock (unaudited)	256,948	—	395	—	—	395
Net loss (unaudited)		—	—	—	(232)	(232)
BALANCE – April 4, 2006 (unaudited)	10,772,030	\$ 103	\$ 11,978	\$ —	\$ (30,482)	\$ (18,401)

See notes to consolidated financial statements.

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JAMBA JUICE COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOW

	40 Weeks Ended		June 28, 2005	Fiscal Years Ended	
	April 4, 2006 (unaudited)	April 5, 2005 (unaudited)		June 29, 2004 (As Restated, see Note 16)	June 24, 2003 (As Restated, see Note 16)
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	\$ (232)	\$ (1,504)	\$ 962	\$ 15,913	\$ 651
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:					
Depreciation and amortization	9,954	7,794	10,355	7,719	7,511
Loss on asset impairment, store closures and disposals	937	940	1,019	1,421	1,555
Gift certificate breakage income	(1,399)	—			
Deferred rent	1,219	1,543	2,493	973	322
Deferred income taxes	(300)	(1,372)	1,130	(11,552)	(1,442)
Changes in operating assets and liabilities:					
Notes and accounts receivable, net of allowance	190	207	(330)	162	(575)
Inventories	(113)	(74)	(482)	(91)	(602)

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Prepaid expenses and other current assets	(854)	(1,881)	(1,528)	(2,075)	(8)
Other long-term assets	241	440	841	(237)	480
Accounts payable	(2,472)	(2,263)	(267)	3,255	(120)
Accrued compensation and benefits	968	(644)	900	1,697	82
Accrued store value cards	4,045	3,887	4,478	2,973	1,656
Litigation settlement payable	(542)	(569)	(539)	(3,378)	4,550
Accrued expenses and other liabilities	957	1,526	3,024	(451)	388
Deferred franchise revenue	26	(55)	(720)	(122)	(3)
Net cash provided by operating activities	12,625	7,975	21,336	16,207	14,445
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	(17,394)	(21,359)	(31,837)	(18,080)	(10,012)
Cash paid in acquisitions	(22)	(942)	(942)		(922)
Investment in affiliates	(72)	8	(474)	(2,000)	25
Net cash used in investing activities	(17,488)	(22,293)	(33,253)	(20,080)	(10,909)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from exercise of stock options and other	289	322	456	242	276
Borrowings on debt facility	39,000	40,750	42,300	4,500	
Payments on debt facility	(34,000)	(26,550)	(32,550)	(6,250)	(500)
Payments on notes and capital lease obligations	—	(27)	(18)	(53)	(244)
Net cash provided by/(used in) financing activities	5,289	14,495	10,188	(1,561)	(468)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	426	177	(1,729)	(5,434)	3,068
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,368	3,097	3,097	8,531	5,463
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,794	\$ 3,274	\$ 1,368	\$ 3,097	\$ 8,531
SUPPLEMENTAL CASH FLOW INFORMATION:					
Cash paid for interest, net	\$ 1,041	\$ 829	\$ 322	\$ 224	\$ 347
Income tax paid, net of refunds	1,143	832	832	1,592	258

See notes to consolidated financial statements.

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JAMBA JUICE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information as of April 4, 2006 and for the 40 Weeks Ended April 5, 2005 and April 4, 2006 is Unaudited)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business — Jamba Juice Company and subsidiary (the “Company”) offer a wide variety of fresh blended-to-order smoothies, fresh-squeezed juices, baked goods and snacks through retail stores. The Company manages its operations by store. At April 4, 2006, the Company operated 325 stores, franchisees and licensees operated 168 stores, and 45 stores operated as joint ventures. Stores operate primarily in the western United States. The Company began operations in July 1991.

Basis of Presentation — The consolidated financial statements include the accounts of Jamba Juice Company and its wholly owned subsidiary, Zuka Juice, Inc. All significant intercompany balances and transactions have been eliminated. The equity method of accounting is used for joint ventures with other companies. Accordingly, the carrying value of these investments is reported in other long-term assets, and the Company’s equity in the net income and losses of these investments is reported in other operating expenses.

Fiscal Year End — The Company’s fiscal year ends on the Tuesday preceding June 30. The fiscal years ended June 28, 2005 and June 24, 2003 include 52 weeks and the fiscal year ended June 29, 2004 includes 53 weeks. For convenience, all references herein to years are stated as years ended June 30.

Significant Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates, and such differences could affect the results of operations reported in future periods.

Unaudited Interim Financial Information — The interim financial information as of April 4, 2006 and for the 40 weeks ended April 4, 2006 and April 5, 2005 is unaudited and has been prepared on the same basis as the audited financial statements. In the opinion of management, such unaudited financial information includes all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the interim information. Operating results for the 40 weeks ended April 4, 2006 are not necessarily indicative of the results that may be expected for the year ending June 30, 2006.

Self-Insurance Reserves — Jamba Juice Company uses a combination of insurance and self-insurance mechanisms to provide for the potential liabilities for workers’ compensation, healthcare benefits, general liability, property insurance, director and officers’ liability insurance and vehicle liability. Liabilities associated with the risks that Jamba Juice Company retains are not discounted and are estimated, in part, by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. The estimated accruals for these liabilities, portions of which are calculated by third party actuarial firms, could be significantly affected if future occurrences and claims differ from these assumptions and historical trends. The self-insurance reserve is included in Accrued Compensation and Benefits in the liability section of the balance sheet and the balance at fiscal year end 2005 and 2004, was \$2,031 and \$1,350, respectively.

Concentrations of Risk — The Company maintains food distribution contracts primarily with one supplier. This supplier provided 87%, 94%, and 96% of product cost included in cost of sales for fiscal years 2005, 2004, and 2003, respectively, which potentially subjects the Company to a concentration of business risk. If this supplier had operational problems or ceased making product available to the Company, operations could be adversely affected.

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JAMBA JUICE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information as of April 4, 2006 and for the 40 Weeks Ended
April 5, 2005 and April 4, 2006 is Unaudited)

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and cash equivalents with high- quality financial institutions. At times, balances in the Company's cash accounts may exceed the Federal Deposit Insurance Corporation limit.

Cash and Cash Equivalents — The Company considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents. At June 30, 2005, 2004, and 2003, the Company did not have any investments with maturities greater than three months.

Notes and Accounts Receivable — Accounts receivable represent amounts due for royalty fees, advertising fees and gift certificate cards issued by the franchisees. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. Notes receivable relate to a loan issued to an officer (see Note 16).

Inventories — Inventories include only the purchase cost and are stated at the lower of cost or market. Cost is determined using the first-in, first-out method (FIFO). Inventories consist of food, beverages and available-for-sale promotional products.

Property, Fixtures, and Equipment — Property, fixtures, and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of furniture, fixtures, and equipment is calculated using the straight-line method over the estimated useful life of the asset generally ranging from three to seven years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease term, which is generally 10 years. The costs of repair and maintenance are expensed when incurred, while expenditures for refurbishments and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized.

Goodwill — Goodwill represents the excess of the purchase price over net assets acquired and is not amortized. Goodwill is subject to annual impairment tests in April of each year. This analysis is performed at the reporting unit level in accordance with Statement of Financial Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets. Based upon impairment analyses performed in accordance with SFAS No. 142 in fiscal year 2005, 2004, and 2003, there was no change in the carrying amount of goodwill.

Capitalized Interest — The Company capitalizes interest cost related to purchase and construction of qualifying assets. At April 4, 2006, June 30, 2005 and 2004, the Company capitalized \$85,520, \$112,000 and \$48,000, respectively. Capitalized interest is amortized over the life of the assets.

Other Intangible Assets — Intangible assets consist of leasehold acquisition costs and are amortized on a straight-line basis over the periods of expected benefit, which range from 8 to 10 years. They are reviewed for impairment at least annually.

Impairment of Long-Lived Assets — Asset impairments are recorded when the carrying values of assets are not recoverable. For purposes of recognizing and measuring impairment of long-lived assets, the Company categorizes assets of operating stores as "Assets to Be Held and Used" and assets of stores that have been closed as "Assets to Be Disposed Of." The Company evaluates assets at the store level because this is the lowest level of identifiable cash flows ascertainable to evaluate impairment. Assets being tested for recoverability at this level include tangible long-lived assets.

The Company reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or at least annually. If the sum of the undiscounted expected future cash flows is less than the carrying amount of the asset, the Company recognizes an impairment loss. Impairment losses are

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measured as the amount by which the carrying amount of assets exceeds the fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset.

Store Closures — The Company continually reviews the operating performance of individual stores. Upon closure of a store, the Company records a liability for future minimum lease payments and related ancillary costs from the date of closure to the end of the remaining lease term, net of estimated cost recoveries that may be achieved through sublease income negotiations.

Gift Cards and Gift Certificates — The Company has sold the jambacard since November 2002. An obligation is recorded at the time of either an initial load or a subsequent reload. The liability is relieved and revenue recorded at the time of customer redemption. The Company is currently assessing reload and redemption data to establish a policy in order to record estimated breakage. The card has no expiration provisions. Prior to 2002, the Company sold \$5 gift certificates. Revenue was recognized as the certificates were used.

Deferred Rent — The Company's lease agreements generally provide for scheduled rent increases during the lease terms, or for rental payments commencing at a date other than the date of initial occupancy. Rent expense is recognized on a straight-line basis over the respective terms of the leases. The difference between the amount charged to operations and cash paid under the leases is recorded as deferred rent.

Construction Allowances — The Company receives construction allowances from landlords, which are deferred and amortized on a straight-line basis over the life of the lease as a reduction of rent expense. Construction allowances are recorded in deferred rent and other long-term liabilities.

Revenue Recognition — Revenue from Company stores is recognized when product is sold. Revenue from store value cards, such as the "jambacard," and gift certificates are recognized upon redemption. Until redemption, outstanding customer balances are carried as a liability. In 2006, the Company completed a study of their outstanding liability for gift certificates and recognized breakage of \$1.4 million.

Franchise revenue is generated from three basic forms; development fees, initial franchise fees, and royalties. Development fees are paid to the Company as part of an agreement to open and operate a specific number of stores in a specified territory. The amount of the fee is based on the number of stores to be opened pursuant to the development agreement and secures the territory for exclusivity during the development. The non-refundable fees collected for these services are recognized ratably as the franchise stores under these agreements open. Our multi-unit development

agreement specifies the number of stores to be opened. Any changes to the specific number of stores would be stated in a subsequent contractual agreement (see Note 2).

The Company charges an initial franchise fee for providing operational materials, new store opening planning and functional training courses. Initial franchise fees are paid for every store the franchisee opens and are due at the time the franchise agreement for a particular store is executed. Franchise fees are recognized as revenue when all material services or conditions have been substantially performed or satisfied and no other material conditions or obligations related to the determination of substantial performance exist. Duties and services that are completed prior to approval include training, facilities inspection, receipt of operating license(s) and clearance from appropriate agencies. These duties and services are substantially complete prior to the approval of opening of a store. If the duties and services relating to the earning of the franchise fees are not complete, the store does not open. Revenue is recognized when the store opens.

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Royalties are determined as a percentage of sales and are recognized in the same period that the related franchise store revenue is generated. If collection is doubtful, a receivable and an allowance are recorded without any revenue recognition. Revenue is recognized at the time such receivables are collected.

In addition, as part of two different management agreements the Company provides certain employees to two of their area developers (see Note 2). The Company bears all the responsibilities and obligations related to these employees and records the employee costs as franchise support expense and the reimbursement from the area developers as franchise and other revenue. Due to uncertainty of collection, the revenue is recognized on a cash basis.

Advertising Costs — Advertising costs are expensed as incurred and were \$4,787,000, \$4,741,000, and \$2,535,000 in fiscal years 2005, 2004, and 2003, respectively. The Company also receives advertising contributions from its franchisees. These contributions are a contractual obligation of the franchisee and are recorded as an offset to advertising expense. They are included in other operating expense and were \$1,200,000, \$986,000 and \$956,000 for fiscal years 2005, 2004 and 2003 respectively.

Store Preopening Costs — Costs incurred in connection with start-up and promotion of new store openings are expensed as incurred.

Fair Value of Financial Instruments — The carrying value of cash and equivalents, receivables, and accounts payable approximates fair value. The carrying value of debt approximates the estimated fair value due to floating interest rates on the debt.

Comprehensive Income — Comprehensive income approximates net income for all periods presented.

Income Taxes — Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the

Company's consolidated financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than changes in the tax law or rates. A valuation allowance is recorded when it is deemed more likely than not that a deferred tax asset will be not realized.

Employee Stock Options — The Company accounts for employee stock options in accordance with the intrinsic value method prescribed by Accounting Principles Board (“APB”) Opinion No. 25, Accounting for Stock Issued to Employees. Under APB Opinion No. 25, the Company does not recognize compensation expense related to employee stock options, as options are not granted below market price on the grant date. SFAS No. 123, Accounting for Stock-Based Compensation, requires the recognition of compensation expense based on the fair value of options on the grant date, but allows companies to continue applying APB Opinion No. 25 if certain pro forma disclosures are made assuming hypothetical fair value method application.

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Had compensation expense for the Company's stock options been based on the fair value at the grant date under the methodology prescribed by SFAS No. 123, the Company's income and earnings per share would have been impacted as follows (in thousands):

	40 Weeks Ended		Fiscal Years Ended June 30		
	April 4, 2006 (Unaudited)	April 5, 2005 (Unaudited)	2005	2004 (as Restated, see Note 17)	2003 (as Restated, see Note 17)
Net income (loss) – as reported	\$ (232)	\$ (1,504)	\$ 962	\$ 15,913	651
Add: Total stock-based employee compensation included in reported net income, net of stated tax effects (see Note 12)	64	56	56	9	1
Deduct: Total stock-based compensation benefit expense determined under fair-value-based method for all awards – net of related tax effects	(339)	(203)	(266)	(140)	(22)
Net income (loss) – pro forma	\$ (507)	\$ (1,651)	\$ 752	\$ 15,782	\$ 630

The Company's valuations are based upon a multiple option valuation approach and forfeitures are recognized as they occur. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, such as expected life. The Company's employee stock options have characteristics

significantly different from those of traded options and changes in the subjective input assumptions can materially affect the fair value estimate.

The fair value of options granted, which is amortized to expense over the option vesting period in determining the pro forma impact, is estimated at date of grant using the Black-Scholes multiple option pricing model. As provided by SFAS No. 123, the Company uses the minimum value method for options issued to employees in conjunction with employment service, which allows a 0% volatility assumption.

The following are the remaining weighted-average assumptions used in applying the Black-Scholes option-pricing model:

Risk-free interest rate	3.7%	2.9%	1.6%
Expected life of option after vesting date	2 years	2 years	2 years
Expected dividend yield	0%	0%	0%

The weighted-average fair value of options granted during fiscal year 2005, 2004, and 2003 was as follows: \$0.50, \$0.24, and \$0.12, respectively.

Segment Reporting — In 1997, the Financial Accounting Standards Board issued SFAS No. 131, “Disclosures about Segments of an Enterprise and Related Information.” The method of determining what information to report is based on the way that management organizes the operating segments within the Company for making operational decisions and assessments of financial performance. The Company operates under one reportable retail segment. Accordingly, segment information is not applicable.

Recent Accounting Pronouncements — In December 2003, the FASB issued FIN No. 46(R), Consolidation of Variable Interest Entities — an interpretation of ARB No. 51. FIN 46(R) provides

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clarification on the consolidation of certain entities in which equity investors do not have sufficient equity at risk for the entity to finance its activities as variable interest entities (“VIEs”). FIN 46(R) requires that VIEs be consolidated by the entity considered to be the primary beneficiary of the VIE. FIN 46(R) is effective for newly created VIEs after December 31, 2003, and effective in fiscal year 2005 for any VIEs created prior to December 31, 2003. The Company has evaluated the provisions of FIN 46 (R) and the overall financial relationship with all of its franchisees and determined that consolidation was not necessary.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 clarifies the accounting for certain financial instruments with characteristics of both liabilities and equity and requires that those instruments be classified as liabilities in statements

of financial position. Previously, many of those financial instruments were classified as equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the fiscal year 2004. The Company's adoption of SFAS No. 150 did not have an impact on its consolidated financial statements.

In December 2004, the FASB issued SFAS 123R, a revision of SFAS 123. SFAS 123R will require the Company to, among other things, measure all employee stock-based compensation awards using a fair value method and record the expense in the Company's consolidated financial statements. The provisions of SFAS 123R, as amended by SEC Staff Accounting Bulletin No. 107, "Share-Based Payment," are effective no later than the beginning of the next fiscal year that begins after December 15, 2005. The Company will adopt the new requirements using the prospective transition method in its first fiscal quarter of 2007. The Company will continue to account for equity awards outstanding at the date of adoption of Statement 123R in the same manner as they have been accounted for prior to adoption, that is, following the provisions of APB 25. All awards granted, modified or settled after the date of adoption will be accounted for using the measurement, recognition, and attribution provisions of Statement 123R. The Company has not yet determined the impact of the adoption of SFAS 123R on its consolidated financial statements.

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143" ("FIN 47"). FIN 47 requires the recognition of a liability for the fair value of a legally-required conditional asset retirement obligation when incurred, if the liability's fair value can be reasonably estimated. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective for fiscal years ending after December 15, 2005. The Company has not yet determined the impact of the adoption of FIN 47 on its consolidated financial statements.

Reclassifications — Certain reclassifications of prior year balances have been made to conform to the fiscal year 2005 presentation.

2. AREA DEVELOPMENT AFFILIATIONS

The Company has entered into development and licensing agreements (the "Agreements") with area developers and various individuals to develop stores in certain geographic regions or venues. These Agreements, generally stipulate that a certain number of stores are to be developed over five years with various renewal options. The Company had cumulatively signed Agreements for a total of 233 stores. As of June 30, 2005, 121 stores have been opened and the Company has active Agreements to open 32 additional stores. Agreements for 80 stores have terminated or expired. The Company recognizes revenue as each of the stores under the Agreements are opened. The Company received a total of \$4,201,000 in non-refundable fees at the time of execution related to

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these Agreements, of which \$478,500 and \$1,198,000 were included in deferred franchise revenue at June 30, 2005 and 2004, respectively. The Company also receives initial franchise fees, royalty, and marketing fees on the individual stores developed. The individual franchise fees are recognized when all material services or conditions have been

substantially performed or satisfied, which the Company deems to be at the time a store is opened. The Company is not required to contribute capital as a part of these Agreements.

The Agreements described above include the sale of development rights in 1999 for 50 stores in the Midwest to an area developer (the "Midwest Developer") for \$500,000, which rights expire in 2010. Due to failure of the Midwest Developer to pay amounts owed to the Company, the Company began recognizing revenue related to the Midwest Developer on a cash basis during fiscal year 2001. During fiscal year 2003, the Company consummated a transaction with the Midwest Developer that (a) transferred the development rights for the Illinois market to the Company in exchange for \$1,250,000, of which \$250,000 was immediately applied against amounts owed the Company from the Midwest Developer and the remaining \$1,000,000 was to be paid to the Developer in equal installments over four years. In accordance with SFAS 45, the Company did not create an intangible for the repossession of the rights. The Company also (b) entered into a management agreement with the Midwest Developer whereby the Company will manage existing Midwest Developer stores and provide administrative and accounting services, including store labor costs; and (c) converted the \$503,000 outstanding receivable balance from the Midwest Developer into a note receivable, which was fully reserved. This transaction was accounted for as a repossessed franchisee in accordance with FAS 45 and the Company continues to account for all transactions with the Midwest Developer on a cash basis and recognized revenue when received due to its uncertainty. Deferred revenue related to the Midwest Developer was approximately \$103,000 and \$110,000 at June 30, 2005 and 2004 respectively. Franchise fees and royalties recognized during fiscal 2005, 2004, and 2003 were \$110,000, \$240,000 and \$24,000 respectively.

During 2004 and 2003, the Company provided the Midwest Developer employees to operate the Midwest Developer's stores. The providing of the employees was to create a homogeneous employment pool in the Midwest area which would allow for consistent operations, improved quality of service, and others matters affecting customer relations and operations. The Midwest Developer was to reimburse the Company for all employee related expenses. The total cost of these employees being \$3.6 million and \$2.0 million in fiscal 2004 and 2003, respectively, and has been reported as franchise support expense on the consolidated statement of income. The Company received reimbursements from the Midwest Developer of \$1.6 million and \$1.2 million during fiscal years 2004 and 2003, respectively, for these costs which are reported as franchise and other revenue on the consolidated statement of income.

In August 2004, the Company acquired all eight stores in the Illinois market from the above Midwest Developer. The purchase price for these stores was \$956,000, after adjustments for amounts due to the Company for unreimbursed employee costs net of amounts due from the Company to the Developer for the Chicago development rights. As a result of this transaction, the Company was not obligated to refund any balances to the franchisee.

In December 2005, the Management Agreement between the Company and JJC Florida LLC became effective whereby the Company was responsible for the day-to-day operational duties of the 13 Stores owned by JJC Florida. The employees were hired by the Company to manage the stores to provide consistent operations, improved quality of service, and others matters affecting customer relations and operations. JJC Florida is responsible for all employee costs. The total cost of these employees for 2006 is \$700,000 and has been reported as franchise support expense on the consolidated statement of income. Reimbursements from JJC Florida of \$700,000 have been reported as franchise and other revenue on the consolidated statement of income. Losses of

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\$577,000 and \$117,000, respectively for 2005 and 2004 are included in other operating expenses of Jamba Juice Company. Jamba Juice Company also has a note receivable from JJC Florida LLC for past due fees. The balance of the note as of April 4, 2006, including interest, is approximately \$1,196,000. This note has been accounted for on the cash basis and is fully reserved.

The operating agreement and subsequent amendments between JJC Florida LLC and Jamba Juice Company provided Jamba Juice Company the option to purchase 100% of its partner's interest in the joint venture, valid from October 1, 2008 to December 30, 2008. Under the amendments to the operating agreement, profits and losses are to be allocated to the members in proportion to their cash contributions to the joint venture until the end of the fiscal year during which the cumulative profits of the joint venture equal or exceed the cumulative losses previously realized. Thereafter, profits will be allocated to the members in proportion to their recalculated interests. The recalculated interests of the members are based on the commitment of their additional contributions, with Jamba Juice Company receiving a 25% premium on its additional contributions.

3. PROPERTY, FIXTURES, AND EQUIPMENT

Property, fixtures, and equipment at June 30, 2005 and 2004 consisted of the following (in thousands):

	April 4, 2006 (unaudited)	June 30, 2005	June 30, 2004
Leasehold improvements	\$ 66,356	\$ 57,012	\$ 40,140
Furniture, fixtures and equipment	55,372	48,225	35,385
Construction in progress	4,646	5,400	5,206
Total	126,374	110,637	80,731
Less accumulated depreciation and amortization	(54,577)	(45,225)	(37,642)
Total	\$ 71,797	\$ 65,412	\$ 43,089

4. GOODWILL

There was no change to goodwill during the 40 weeks ended April 4, 2006, or the fiscal years ended June 30, 2005 and 2004, respectively. The recorded amount of goodwill was \$2,663,000 for all periods mentioned.

In 2003, the Company acquired two stores from franchisees. Total consideration paid was \$922,000 in cash and \$9,000 in other costs and liabilities. The acquisitions were accounted for using the purchase method and resulted in goodwill of \$580,000.

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5. OTHER INTANGIBLE ASSETS

Other intangible assets — net represent lease acquisition costs and consist of the following (in thousands):

	Amount	Amortization	Net
Beginning Balance – 2003	\$ 1,485	\$ (667)	\$ 818
Impairment	(72)		(72)
Amortization		(124)	(124)
Ending Balance – 2003	1,413	(791)	622
Retirements	(18)	18	
Amortization		(115)	(115)
Ending Balance – 2004	1,395	(888)	507
Retirements	(60)	60	
Amortization		(111)	(111)
Ending Balance – 2005	1,335	(939)	396
Amortization (unaudited)		(82)	(82)
Ending Balance – 4/4/06 (unaudited)	\$ 1,335	\$ (1,021)	\$ 314

Estimated amortization expense for the next three years is approximately \$96,000 per year until 2009, when the estimated amortization expense will be approximately \$35,000.

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6. ASSET IMPAIRMENT, STORE CLOSURES, AND DISPOSALS

Loss on asset impairment, store closures, and disposals of fixed assets consisted of the following (in thousands):

	April 4, 2006 (unaudited)	April 5, 2005 (unaudited)	June 30, 2005	June 30, 2004 (As restated, see Note 16)	June 30, 2003 (As restated, see Note 16)
Impairment charges	595	397	\$ 397	\$ 532	\$ 1,018
Loss (gain) on store closures	3	22	6	29	(10)
Loss on disposal of other assets	339	521	616	860	547

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Total \$ 937 \$ 940 \$ 1,019 \$ 1,421 \$ 1,555

Impairment Charges — Due to declining market conditions, competition, insufficient occupancy rates in neighboring businesses and other factors, the Company recorded non-cash charges of \$397,000, \$532,000, and \$1,018,000 in fiscal years 2005, 2004, and 2003, respectively, to write down a portion of the leasehold improvements, furniture and fixtures, and equipment values of certain stores to their estimated fair values.

The impairment charges have been recorded pursuant to SFAS No. 144, Accounting for Impairment or Disposal of Long-Lived Assets. The Company performed a comprehensive review of recoverability of these long-lived assets held for use and impairment was recognized when the future undiscounted cash flows for each store were estimated to be insufficient to recover related carrying values. Impairment losses were measured as the amount by which the carrying amount of the asset exceeded the fair value of the asset. Fair values were based upon the Company's estimate of future discounted cash flows for each store. The Company considered several factors when estimating the future operating cash flows of the stores, including quality of the local market and real estate, the store's historical cash flows, local competition, saturation of markets due to proximity of other stores, general economic conditions and other trends.

The Company continually considers the market conditions and changes occurring in its industry to evaluate the status of individual stores. Management believes that all necessary impairment adjustments have been recorded at June 30, 2005.

Store Closures — During fiscal years 2005, 2004, and 2003, the Company closed two, one and four stores, respectively. The Company recorded charges (income) related to store closures of \$6,000, \$29,000, and \$(10,000) in 2005, 2004 and 2003, respectively. The income recorded during fiscal year 2003 resulted from the reversal of accumulated deferred rent credits, which is the result of expensing the lease cost using the straight-line method over the life of the original lease. Of these charges, \$(8,000), \$(1,000), and \$(76,000) were non-cash. In the year of closure, net revenue for the stores that have closed were \$543,000, \$184,000, and \$304,000 and net operating losses were \$71,000, \$113,000, and \$76,000 in fiscal year 2005, 2004, and 2003, respectively.

Loss on Disposal of Other Assets — During fiscal years 2005, 2004, and 2003, the Company wrote off the net book value of certain assets that were abandoned due to store remodels or upgrade of equipment.

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7. OTHER LONG-TERM ASSETS

Other long-term assets at April 4, 2006, June 30, 2005 and 2004, consisted of the following (in thousands):

	2006	2005	2004
	(unaudited)		

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Deposits	\$ 602	\$ 631	\$ 762
Investment in JJC Florida, LLC	1,618	1,839	1,933
Investment in JJC Hawaii, LLC	356	279	215
Other	38	34	127
Total	\$ 2,614	\$ 2,783	\$ 3,037

The Company accounts for its investments in JJC Florida, LLC and JJC Hawaii, LLC under the equity method. The Company owned 35.2% and 5.0% of JJC Florida, LLC and JJC Hawaii, LLC, respectively as of June 30, 2005.

During fiscal year 2004, the Company invested an additional \$2 million dollars in JJC Florida, LLC as part of an amendment to its original Franchise Agreement and License Agreement. Under the amendment, profits and losses are to be allocated to the members in proportion to their cash contributions until the profits for the investment exceed the cumulative losses previously realized. Thereafter, profits shall be allocated to the members in proportion to their recalculated interests. In addition, the recalculated interest for the investment is based on the contributions of the members, except that the Company shall receive a 25% premium for its additional contribution.

The amendment also included the ability of JJC Florida, LLC to defer the marketing, royalty, and front-end fees due the Company. The deferral period ends the earlier of June 30, 2008 or when JJC Florida, LLC becomes cash flow positive for four consecutive quarters. The Company has currently deferred \$740,000 and \$370,000 of fees due from JJC Florida, LLC under this agreement for fiscal 2005 and 2004, respectively, and, will recognize revenue as cash is received.

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8. LEASE COMMITMENTS

The Company leases its office, retail stores and some equipment under operating leases, with terms expiring through 2016. Most store leases contain renewal options of up to 10 years and provide for payment of common area operating expenses and real estate taxes. Rental expense, net of sublease income, was \$17,256,000, \$11,649,000, and \$9,887,000 in 2005, 2004 and 2003, respectively.

The aggregate future minimum annual lease payments at June 30, 2005 were as follows (in thousands):

Fiscal Year Ending:	
2006	\$ 21,879
2007	21,293
2008	19,576
2009	17,007
2010	15,107

Thereafter	52,579
Total minimum lease commitments	\$ 147,441

Future minimum lease payments under operating leases have not been reduced by future minimum sublease rental income of approximately \$261,000 for all future commitments.

9. NOTES PAYABLE

The Company has a revolving line of credit (the Line) for maximum borrowings of up to \$35,000,000 or 1.5 times trailing EBITDA as defined by the agreement for the Line which expires in December 2006. Borrowings on the Line are used for general working capital, capital expenditures and acquisitions, and are limited by certain financial covenants. Borrowings bear interest at either the London InterBank Offering Rate (LIBOR) plus a margin of 2.25% to 3.5% or a Base Rate (determined by certain base rates such as Prime, Federal Funds Effective Rate or Base CD rate) plus a margin of 0% to 1.5%, depending on the Company's adjusted leverage ratio (as defined by the Line). The Line is secured by substantially all of the assets of the Company and requires compliance with certain quarterly financial covenants. As of June 30, 2005 and June 30, 2004, the Company was in compliance with each of these covenants.

The Line prohibits the Company from the following activities; making loans, advances, or other extensions of credit; a 25% change in ownership, consolidation, mergers, or acquisitions; issuing dividends greater than \$250,000 in any fiscal year; sell, assign lease, transfer or dispose of any part of the business; incur capital expenditures in excess of \$22,000,000 in 2004 or \$25,000,000 in each subsequent year. The outstanding balance on the Line was \$18,000,000, \$13,000,000 and \$3,250,000 at April 4, 2006, June 30, 2005, and 2004, respectively, with interest rates of 7.02%, 5.48%, and 4.00% and additional borrowing availability of \$12,060,000, \$5,975,000 and \$14,175,000.

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10. INCOME TAXES

The components of the income tax provision are as follows (in thousands):

	2005	2004	2003
Current provision	\$ (35)	\$ 335	\$ 622
Deferred (benefit) provision	1,130	(11,552)	(1,442)
Income tax expense (benefit) – net	\$ 1,095	\$ (11,217)	\$ (820)

The differences between the effective income tax rate and the United States federal income tax rate is summarized as follows.

	2005	2004	2003
Statutory Federal rate	34.0	34.0	34.0
State income taxes less federal benefit	12.1	3.0	(8.3)
Permanent Differences	9.1	1.7	(27.3)
Change in valuation allowance	—	(273.7)	88.0
Enterprise zone and manufacturers investment credits	(2.0)	(3.9)	398.8
	53.2%	(238.9)%	485.2%

The deferred tax asset consisted of the following temporary differences as of June 30, 2005 and 2004 (in thousands):

	2005	2004
Net operating losses	\$ 394	\$ 1,337
Reserves and accruals	2,041	1,871
Deferred franchise revenue	27	513
Deferred rent		635
Alternative minimum tax and enterprise zone credits	392	1,009
Class action payable	633	953
Other	19	15
Total current deferred tax asset	3,506	6,333
Net operating losses	967	
Deferred rent	770	
Enterprise zone credits	683	
Basis difference in fixed assets	5,938	6,661
Total non-current deferred tax asset	8,358	6,661
Total net deferred tax asset	\$ 11,864	\$ 12,994

A valuation allowance is provided for deferred tax assets when it is more likely than not that some portion of the deferred tax asset will not be realized. The Company has not recorded a valuation allowance at June 30, 2005. During the year ended June 30, 2004, the Company reversed its valuation allowance of \$12,900,000.

As of June 30, 2005, the Company had net operating loss carryforwards for both federal and state tax purposes of approximately \$3,726,000 and \$1,008,000, respectively, which begin to expire in 2008. The utilization of our net operating loss and credit carryforwards may be subject to a substantial annual limitation due to any future ‘‘changes in ownership’’, as defined by provisions of the Internal

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Revenue Code of 1986, as amended, and similar state provisions. Should the Company be subject to this annual limitation, this may result in the expiration of the net operating loss and credit carryforwards before utilization.

As of June 30, 2005, the Company had credit carryforwards for federal and state tax purposes of approximately \$371,000 and \$704,000, respectively, which are unlimited.

11. CONVERTIBLE REDEEMABLE PREFERRED STOCK

From 1994 through 2002, the Company sold 3,000,000, 2,250,053, 7,415,206, 10,028,905, and 2,482,726 shares of Series A, Series B, Series C, Series D, and Series E convertible redeemable preferred stock (the "Preferred Stock"), respectively, at prices of \$1.00, \$1.33, \$2.00, \$2.47, and \$2.00 per share, as adjusted respectively, and received \$49,573,000 in net proceeds. In December of 2001, when the Company completed its Series E offering, the conversion price for the Series C and Series D were reduced from \$2.18 and \$2.50 to \$2.00 and \$2.47 respectively. This reduction in the conversion price was a result of the Series E offering being less than the conversion price of the Series C and Series D. The difference between the redemptive value of \$52,162 and the net proceeds was \$2,589. The Company, in accordance with Accounting Principles Board Opinion No. 20, has modified its accounting for the accretion of its convertible redeemable preferred stock to conform to public reporting requirements. Previously the Company did not accrete the carrying value of its convertible redeemable preferred stock. These financial statements reflect the accretion of the convertible redeemable preferred stock to its redemption value as September 2003 (date of redemption) through a charge to accumulated deficit. The accretion amount was 0, \$240,000 and \$958,000 in fiscal year 2005, 2004 and 2003, respectively. The cumulative accretion prior to fiscal 2003 was \$1.5 million.

The Series E offering in December 2001 was composed of 2,482,726 shares of Series E Preferred Stock and 2,482,726 warrants, with a purchase price of \$2.00. The Series E Preferred Stock was valued at \$1.61 per share, and warrants were valued at \$0.39 per warrant. The fair value of the warrants was estimated using the Black-Scholes model with the assumption of risk free interest rate of 5.05%, ten year expected life, a dividend rate of 0% and volatility of 67%. The warrant entitled the holder to purchase a one-third share of the Company's common stock at an exercise price of \$0.75, or \$2.25 for each full share (the "Warrant"). The Warrants are exercisable for a period of 10 years following the issuance date of the Warrants and will be adjusted as needed to account for stock splits, combinations, reclassifications, and reorganizations. Net proceeds from this offering were allocated to convertible redeemable preferred stock and additional paid in capital in the amounts of \$3,655,000 and \$968,000, respectively.

Upon completion of the Series E offering, the Company filed Amended Articles of Incorporation with the California Secretary of State. Upon this filing, Series A, B, C, D, and E Preferred Stock have the following rights and preferences:

Conversion — All outstanding shares of Preferred Stock have the right to convert their shares into common stock at any time. The conversion ratio is approximately one for one. Under the anti-dilution provisions applicable to all shares of Preferred Stock, the conversion price of all series will be subject to adjustment in the event of any stock split, dividend or combination or reclassification or reorganization of the Company's capital stock or completion of an initial public offering, under certain conditions. The conversion price of Preferred Stock also will be adjusted upon the issuance of additional shares of common stock or warrants or rights to purchase common stock or securities convertible into common stock for per-share consideration that is less than the initial conversion price of the applicable series of Preferred Stock. The Company has reserved for issuance 30,839,000 common shares for conversion of Preferred Stock, stock options, and warrants. In 2005, one stockholder converted 30,000 of Series D preferred stock in to 30,360 shares of common stock.

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The Preferred Stock converts automatically into common stock upon the earlier to occur of the completion of a public offering raising gross proceeds of \$10,000,000 or more and at a stipulated offering price per share or upon the written consent of the holders of the various classes of Preferred Stock.

Dividend Preference — The holders of Series A, Series B, Series C, Series D, and Series E Preferred Stock are entitled, if and when declared by the Board of Directors, to non-cumulative dividends of \$0.10, \$0.133, \$0.21847, \$0.25 and \$0.20, respectively, per share per annum.

Liquidation Preference — If there is a liquidation event (the “Event”) the holders of shares of Preferred Stock then outstanding shall be entitled to be paid, out of the assets of the corporation available for distribution to its stockholders, whether from capital, surplus or earnings (the “Available Assets”), before any payment shall be made in respect of the common stock, an amount equal to \$1.00 per share of Series A, \$1.33333 per share of Series B, \$2.1847 per share of Series C, \$2.50 per share of Series D and \$6.00 per share of Series E (in each case, adjusted for stock dividends, stock splits, stock combinations and the like), plus all declared and unpaid dividends thereon to the date fixed for distribution of assets (the “Liquidation Preference Amount”). If upon an Event the Available Assets shall be insufficient to pay the Liquidation Preference Amount, then the entire assets of the corporation legally available for distribution shall be distributed ratably among the holders of the Preferred Stock so that the per share amount distributed to each series constitutes the same percentage of the full per share Liquidation Preference Amount for each such series. Assets legally available for distribution are defined as (a) positive retained earnings after deducting redemptions and dividends or (b) certain net asset to certain net liability ratios, both as defined by Section 500 of the California Corporations Code.

If there is an Event after the distribution of the Liquidation Preference Amount in accordance with the above, the remaining assets of the Corporation legally available for distribution, if any, to stockholders shall be distributed ratably to the holders of the common stock, the Preferred Stock then outstanding, with each share of the Preferred Stock being treated for such purposes as if it had been converted into common stock at the then-effective rate of conversion.

Voting — Each Series of Preferred Stock is entitled to the number of votes equal to the number of shares of common stock into which it could be converted, with certain restrictions.

Registration Rights — The holders of at least 50% of the shares of Preferred Stock who propose to dispose of at least 15% of such stock at an aggregate offering price to the public of not less than \$5 million may require that the Company, with certain limitations, effect a registration of the stock to be disposed. In addition, the holders of the Company’s Series E Preferred Stock are entitled to unlimited piggyback registration rights on registrations initiated by the Company, with certain limitations.

Redemption — Holders of a majority of shares of each of the Series A, Series B, Series C, Series D, and Series E Preferred Stock may elect, at any time after September 1, 2003, to have the Company redeem all of the then-outstanding shares of the applicable Series at the original purchase price per share, plus all declared but unpaid dividends on each share from funds legally available for distribution. If there are insufficient funds to redeem the number of shares requested, then the Company shall redeem the maximum number of shares for which funds exist. As of June 30, 2005, there were no funds legally available for distribution.

12. STOCK OPTIONS

Stock Options — The Company maintains two stock option plans, the 1994 Stock Incentive Plan (the “1994 Plan”) and the 2001 Equity Incentive Plan (the “2001 Plan”), which provide for granting

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incentive stock options and non-qualified stock options to employees and certain non-employee directors and consultants. The objectives of these plans include attracting and retaining the best personnel, providing performance incentives, and promoting the success of the Company by providing employees the opportunity to acquire common stock. The 2001 Plan is the only plan with stock option awards available for grant; the 1994 Plan has shares exercisable at June 30, 2003. Under the plans, the Company has reserved 10,600,000 shares of common stock for granting of stock options. Options are granted at an exercise price equal to or greater than the fair market value of the common at the date of the grant. Options remaining under the 1994 Plan generally vest over four years and are exercisable for up to 10 years. Options remaining under the 2001 Plan granted prior to January 1, 2004 vested 20% at date of grant and 20% per year thereafter. Options granted under the 2001 Plan after January 1, 2004 generally vest 25% on the first anniversary of the grant date and 25% per year thereafter. Shares available for grant were, 780,974 at June 30, 2005.

A summary of all stock option transactions for both plans is as follows as of June 30 (shares in thousands):

	Number of Options			Weighted Average Exercise Price		
	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2005	June 30, 2004	June 30, 2003
Options outstanding – beginning of fiscal year	5,676	3,913	4,513	\$ 2.00	\$ 1.96	\$ 1.92
Options granted	1,591	2,355	875	3.43	2.10	1.95
Options exercised	(148)	(76)	(287)	2.07	1.55	1.05
Options canceled	(739)	(516)	(1,188)	1.98	2.14	2.05
Options outstanding – end of fiscal year	6,380	5,676	3,913	\$ 2.36	\$ 2.00	\$ 1.96
Options exercisable – end of fiscal year	3,675	3,079	2,217	\$ 2.04	\$ 1.94	\$ 1.93

Information on options outstanding and options exercisable at June 28, 2005 is as follows (shares in thousands):

Range of Exercise Prices	Number of Options Outstanding	Weighted Average Remaining	Weighted Average Exercise	Number Exercisable	Weighted Average Exercise
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		Contractual Life	Price		Price
\$0.20 - \$0.65	163	2.56	\$ 0.58	163	\$ 0.58
\$1.86 - \$1.95	2,777	0.20	\$ 1.94	2,548	\$ 1.94
\$2.13 - \$2.50	1,846	7.90	\$ 2.16	709	\$ 2.22
\$2.61 - \$4.00	1,594	9.29	\$ 3.50	255	\$ 3.377
	6,380	7.81		3,675	\$ 2.04

In October 2005, the board of directors of the Company approved accelerated stock option vesting for certain level of employees upon a change of control. The accelerated vesting applies to all Jamba Juice option holders who are District Managers, Support Center Managers, Department or Regional Directors and Vice Presidents and above. There are 132 employees who are eligible for acceleration as of July 26, 2006. The total number of shares held by those employees eligible for acceleration is 1,020,267. The intrinsic value of the options with the acceleration feature is estimated to be \$2,494,000. The intrinsic value at the time of grant was \$0. The Company will be required to record compensation expense in accordance with FIN 44 if an employee is able to exercise an award that otherwise would have expired unexercisable pursuant to the award's original terms.

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Stock Option Exchange Program — During the six months prior and subsequent to the implementation of a stock option exchange program in fiscal year 2002, the Company granted approximately 523,000 options, at an average exercise price of \$4.00 per share. Subsequent to the grant, certain employees were given the opportunity to exchange their options for new options with an exercise price equal to the fair value of the Company's common stock six months from the exchange date. The fair value was established at \$1.86 per share. Due to the exchange, the options granted within six months of the exchange program are subject to variable plan accounting of which 47,150 were outstanding at April 4, 2006. Under variable plan accounting, the Company is required to record a noncash compensation charge for the options until the options are exercised, forfeited or canceled without replacement. The compensation charge will be based on any excess of the fair value of the stock at the end of the reporting period or date of exercise, forfeiture or cancellation without replacement, if earlier, over the exercise price of the related options. The resulting compensation charge to earnings will be recorded as the underlying options vest and subsequent changes in the fair value of the stock will be recorded until the options are exercised, forfeited, or cancelled. Depending upon movements in the market value of the Company's common stock, this accounting treatment may result in significant compensation charges or credits in future periods. The Company recorded a compensation charge of \$93,000, \$9,000, and \$1,000 related to variable plan accounting in 2005, 2004 and 2003 respectively, and is included in other in the consolidated statement of stockholders' deficit.

13. WARRANTS

The Company issued warrants in connection with a preferred stock offering, vendor agreements, acquisitions, and debt financing. A summary of warrant activity is as follows (shares in thousands):

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	Number of Warrants			Weighted-Average Exercise Price		
	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2005	June 30, 2004	June 30, 2003
Warrants outstanding at beginning of fiscal year:						
Common	1,545	1,724	1,724	\$ 2.61	\$ 2.61	\$ 2.61
Preferred	25	25	25	2.00	2.00	2.00
	1,570	1,749	1,749			
Common warrants exercised	(21)			2.62	0.00	0.00
Common warrants canceled	(96)	(179)		2.85	2.50	
Warrants outstanding at end of fiscal year:						
Common	1,428	1,545	1,724	2.61	2.61	2.61
Preferred	25	25	25	2.00	2.00	2.00
	1,453	1,570	1,749	\$ 2.60	\$ 2.60	\$ 2.60

The weighted average remaining contractual life of preferred and common warrants is 4.54, 7.5 and 5 years, respectively. As of April 4, 2006, outstanding warrants are 100% vested. The expense related to warrants was recognized prior to fiscal 2003.

14. EMPLOYEE BENEFIT PLAN

The Company maintains a voluntary defined contribution plan covering all eligible employees. Eligible employees may elect to defer and contribute a percentage of their compensation to the plan, not to exceed the dollar amount set by law. The Company also provides for a matching contribution after one year of employment. During fiscal year 2004, the Company changed their match from 50%

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of the first 3% of an employee's contributions to a match of 100% of the first 3% of an employee's contributions. During fiscal year 2005 and 2004, the Company contributed \$434,000 and \$114,000, respectively, to the plan. No contributions were made during fiscal year 2003.

15. OTHER COMMITMENTS AND CONTINGENCIES

Litigation Related — Since fiscal year 2000, the Company had been involved in five related lawsuits with its corporate support center landlord and related parties. Four of these lawsuits were settled subject to a Settlement Agreement dated September 15, 2003 (the "Settlement Agreement"), which provided for settlement of these actions by payment from the defendants (including the Company) of an aggregate of \$6,400,000. The Company's share of this payment is \$2,800,000, of which \$1,800,000 and \$1,000,000 of expense was recognized in fiscal year 2003 and 2002, respectively. The Company, in accordance with the Settlement Agreement, made payment on January 14, 2004. The

fifth lawsuit was settled under a separate agreement dated August 26, 2003, which provided for a payment of \$10,000, which was expensed in fiscal year 2003.

The Company tendered a claim to its insurer for defense and indemnity in two of the lawsuits covered in the Agreement. The insurer denied the claim, which denial was disputed by the Company. The insurer then sued the Company on June 26, 2003, seeking a judicial determination on whether the insurer has a duty to defend or indemnify the Company in these matters. The Company filed a cross complaint seeking damages for the insurer's failure to defend and indemnify the Company in one or more of the above lawsuits. This action was settled during fiscal year 2005 with proceeds received from the insurer of \$2,600,000.

During fiscal year 2003, the Company also settled a class action lawsuit against the Company that alleged that the Company failed to pay overtime wages, in violation of Federal and California law, to current and former employees designated as "General Manager" and "Assistant General Manager." The Company agreed to pay \$3,000,000 plus payroll taxes to the class and its representatives ratably over a five-year period beginning in fiscal year 2004. The net present value of this obligation, including related payroll taxes, is \$2,750,000, which was expensed in fiscal year 2003. Legal costs of \$534,000 related to this lawsuit are also included in litigation settlement costs in fiscal year 2003.

During fiscal year 2004, the Company reduced its estimate of related payroll taxes by \$85,000 and accordingly reduced the accrual.

In January 2006, a lawsuit was filed against Jamba Juice Company by Foodie Partners in the Federal Court in Texas (E. Dist. Texas, Civ. No. 2:06-cv-012). The lawsuit alleges infringement of U.S. Patent No. 5,950,448. The patent in question describes dispensing and combining refrigerated source liquids, ice, and flavoring additives to create a "smoothie" type beverage, and is generally directed to locating various ingredients (source liquids, flavor additives, ice) as well as processing mechanisms (blender, beverage tap, sink, etc.) in relation to specific locations. The plaintiffs seek injunctive relief, damages, and attorney's fees and costs. Due to the early status of this case, Jamba Juice Company cannot estimate the possible loss to the company, if any. Based on a preliminary analysis, Jamba Juice Company believes the claims are without merit and intends to vigorously defend the lawsuit.

Sales Tax Settlement — During fiscal 2005, the Company settled a sales tax audit related to prior years for \$2,600,000.

The Company is also a defendant in certain litigation arising in the normal course of business. In the opinion of management, the ultimate resolution of such litigation will not have a significant effect on the consolidated financial statements.

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Employment Agreements — The Company has agreements with certain officers to provide severance benefits in the event their employment is terminated under certain defined circumstances resulting in a contingent liability that is not reflected in the consolidated financial statements as of June 30, 2005.

Other — The Company is the guarantor on three store leases for two franchisees and would be liable for lease payments in the event either of these parties defaulted on their lease obligations. The Company has determined the fair value of its guarantee to be insignificant, however, the potential amount of this liability is \$1,025,000 as of June 30, 2005.

The Company has commitments under contracts for the construction of leasehold and other improvements for stores to be opened in fiscal year 2005. Portions of such contracts not completed at the end of fiscal year 2005 are not reflected in the consolidated financial statements. These unrecorded commitments were \$137,000 at June 30, 2005.

16. RELATED PARTY TRANSACTIONS

On December 8, 2004, the Company entered into a four year consulting agreement with Kirk Perron, its founder and a shareholder. Mr. Perron advises and assists the Company and its board of directors in connection with certain projects, public appearances, promotional events and as such other matters as agreed between the Company and Mr. Perron. The terms of the agreement are to make consulting payments of \$150,000 per year. In addition, the Company reimburses Mr. Perron for certain expenses.

In fiscal year 2000, the Company made a loan to Paul Clayton, the Chief Executive Officer of the Company in the amount of \$750,000. The loan bears interest at 6.3% per annum and was forgiven in annual installments on the anniversary of such officer's fifth year of employment which occurred in fiscal year 2005. The Company also agreed to reimburse such officer for taxes on income associated with the loan forgiveness. The loan and tax liability was charged to expense on a pro rata basis over the five year vesting period.

17. RESTATEMENT

During fiscal year 2005, the Company's management initiated a review of its lease-related accounting and determined that its method of accounting for leasehold improvements assets and its method of accounting for rent holidays were not in accordance with generally accepted accounting principles. As a result, the Company has restated its consolidated financial statements for the fiscal years ended July 30, 2004 and 2003.

The Company had historically depreciated leasehold improvement assets over the estimated useful lives for similar owned assets. In the restatement, the Company modified the useful lives of leasehold improvements to limit the depreciable lives of those assets to the lease term, as determined in accordance with SFAS No. 13, Accounting for Leases, which defines the lease term to include the non-cancelable lease term and any option renewal period where failure to exercise such option would result in an economic penalty in such amount that renewal appears, at the inception of the lease, to be reasonably assured.

The Company had historically recognized rent holiday periods on a straight-line basis over the lease term commencing with the store opening date. The store opening date coincided with the commencement of business operations, which is the intended use of the property. In the restatement, the Company modified the lease term to commence on the date the Company takes possession of the leased space for construction purposes, which is generally two months prior to a store opening date.

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(Information as of April 4, 2006 and for the 40 Weeks Ended April 5, 2005 and April 4, 2006 is Unaudited)

Following is a summary of the effects of these changes on the Company's consolidated balance sheets as of July 30, 2004, as well as the effects of these changes on the Company's consolidated statements of earnings for fiscal years 2004 and 2003 (in thousands)

	As Reported	As Restated
As of June 30, 2004:		
Property, fixtures and equipment, net	\$ 43,649	\$ 43,089
Deferred income taxes – Long term	6,221	6,661
Total assets	71,259	71,139
Deferred rent and other long-term liabilities	3,063	5,410
Accumulated deficit	(28,745)	(31,212)
Total common stockholders' deficit	(17,590)	(20,057)
Total liabilities and shareholders' equity	71,259	71,139
For the fiscal year ended June 30, 2004:		
Cost of sales and related occupancy costs	\$ 55,081	\$ 54,887
Depreciation and amortization expense	7,529	7,719
Store pre-opening expense	1,767	2,659
Total operating expenses	166,706	167,594
Income from operations	6,072	5,184
Net income before income tax	5,584	4,696
Income tax benefit	(10,862)	(11,217)
Net income	16,446	15,913
For the fiscal year ended June 30, 2003:		
Cost of sales and related occupancy costs	\$ 44,036	\$ 43,879
Depreciation and amortization expense	7,392	7,511
Store pre-opening expense	684	969
Loss on asset impairment, store closures and disposals	1,589	1,555
Total operating expenses	135,024	135,237
Income from operations	360	147
Net income/(loss) before income tax	44	(169)
Income tax benefit	(735)	(820)
Net income	779	651

The cumulative effect of these accounting changes is an increase to accumulated deficit of \$1,806,000 as of the beginning of fiscal 2003.

18. SUBSEQUENT EVENTS

In November, 2005, the Company amended its line of credit (the "Line") lengthening the availability period from December 2006 to December 2007. As of April 4, 2006, outstanding borrowings are classified as current due to the change of control provision in the Line.

On March 10, 2006, the Company entered into a merger agreement with Services Acquisition Corp. International (SACI) whereby SACI will acquire all the outstanding common and preferred stock of the Company for

approximately \$265 million.

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JJC FLORIDA, LLC

FINANCIAL STATEMENTS

December 13, 2005

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JJC FLORIDA, LLC

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Members of
JJC Florida, LLC:

We have audited the accompanying balance sheet of JJC Florida, LLC (the "Company") as of December 13, 2005 and the related statements of operations, changes in members' equity and cash flows for the fiscal year ended December 13, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express

an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JJC Florida, LLC as of December 13, 2005, and the results of its operations and its cash flows for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Miami, Florida
June 9, 2006

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JJC FLORIDA, LLC
Balance Sheet
December 13, 2005

	2005
ASSETS	
Current Assets	
Cash	\$ 170,413
Receivables	3,183
Inventories	76,890
Prepaid expenses and other current assets	40,678
Total Current Assets	291,164
Property and Equipment	
Leasehold improvements	2,102,400
Furniture, fixtures and equipment	1,888,967
	3,991,367
Accumulated depreciation	(1,493,522)
Property and Equipment, net	2,497,845
Other Assets	35,431
Total Assets	\$ 2,824,440
LIABILITIES AND MEMBERS' EQUITY	
Current Liabilities	
Accounts payable	\$ 148,221
Affiliated payable	1,007,722
Accrued liabilities	248,109
Total Current Liabilities	1,404,052

Deferred Rent	111,789
Deferred Tenant Allowances	114,402
Total Liabilities	1,630,243
Commitments and Contingencies (Note 4)	
Members' Equity	1,194,197
Total Liabilities and Members' Equity	\$ 2,824,440

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

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JJC FLORIDA, LLC
Statement of Operations
For The Year Ended December 13, 2005

	2005
Net Revenues	\$ 6,639,369
Cost of Goods Sold	1,911,393
Store Operating Expense:	
Payroll and related benefits	2,406,359
Occupancy	888,578
Royalty, consulting and service fees to affiliates	331,969
Marketing and promotion	307,155
Depreciation and amortization	588,764
Other	547,749
Total Store Operating Expenses	5,070,574
Pre-opening Costs	180,841
Store Losses before General, Administrative and Development Expenses Contribution	(523,439)
General, Administrative and Development Expenses:	
Payroll and related benefits	177,737
Depreciation and amortization	33,705
Management fees to affiliates, net	245,035
Other	245,223
Total General, Administrative and Development Expenses	701,700
Net Loss	\$ (1,225,139)

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

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JJC FLORIDA, LLC
Statement of Changes in Members' Equity
For The Year Ended December 13, 2005

	Juice Partners Florida, LLC	Jamba Juice Company	Total
Balances, December 28, 2004	(155,471)	1,591,254	1,435,783
Members' Contributions	500,000	483,553	983,553
Net Loss	(808,333)	(416,806)	(1,225,139)
Balances, December 13, 2005	\$ (463,804)	\$ 1,658,001	\$ 1,194,197

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

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JJC FLORIDA, LLC
Statement of Cash Flows
For The Year Ended December 13, 2005

	2005
Cash Flows from Operating Activities:	
Net loss	\$ (1,225,139)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	622,469
Changes in assets and liabilities:	
Increase in receivables	(2,140)
Decrease in inventories	37,237
Increase in prepaid expenses and other assets	(16,696)
Decrease in accounts payable	(54,551)
Increase in accrued liabilities	4,655
Increase in affiliated payable	122,052
Increase in deferred tenant allowances	114,402
Increase in deferred rent	67,603
Net Cash used in Operating Activities	(330,108)
Cash Flows from Investing Activities:	
Property and equipment expenditures	(603,702)
Cash Flows from Financing Activities:	
Proceeds from members' contributions	983,553
Net Increase in Cash	49,743
Cash, Beginning of Year	120,670
Cash, End of Year	\$ 170,413

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

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JJC FLORIDA, LLC

Notes to Financial Statements

For the Years Ended December 13, 2005

NOTE 1. ORGANIZATION

JJC Florida, LLC (the “Company”), is a Florida limited liability company established on August 13, 1999, pursuant to an operating agreement (the “Agreement”) between Juice Partners Florida, LLC (JPF), a Florida limited liability company, and Jamba Juice Company (JJC), a California corporation (herein referred to collectively as the “Members”). The Company was established for the purpose of developing, owning and operating Jamba Juice retail stores in the State of Florida under an exclusive development and licensing agreement (the “License Agreement”) with JJC (Note 4). The Company offers a wide variety of fresh blended-to-order smoothies, fresh-squeezed juices, baked goods and snacks through retail stores. The Company manages its operations by store. The Company operated thirteen stores as of December 13, 2005.

JPF is the managing member and is responsible for administering the affairs of the Company. Certain major decisions, as defined, require the approval of a management committee, which is comprised of representatives from JPF and JJC. Prior to the Agreement Amendments discussed below, the Members committed to make up to \$9 million in capital contributions if requested by JPF. As of December 13, 2005, accumulated Members capital contributions approximated \$7,687,500.

On October 20, 2003, the Company entered into two amendments to the Agreement and License Agreement (“Amendments”), whereby JJC shall provide additional capital contributions of up to \$2 million (“Additional Contribution”), thereby increasing the Members total commitment in capital contributions to \$11 million. Under the Amendments, profits and losses are to be allocated to the Members in proportion to their cash contributions to the Company until the end of the fiscal year during which the cumulative profits of the Company equal or exceed the cumulative losses previously realized. Thereafter, profits shall be allocated to the Members in proportion to their recalculated interests. Under the Amendments, the recalculated interests of the Members are based on the commitment of the Additional Contribution, except that the commitment of the Additional Contribution made by JJC shall include a 25 percent premium.

On June 28, 2005, the Company entered into a third amendment (the “Third Amendment”) to the Agreement and License Agreement, whereby JJC is provided the option to purchase 100 percent of JPF’s interest in the Company for a period of 90 days commencing on October 1, 2008. Furthermore, if in the future, the Company requests additional capital contributions, the actual contribution will contain a 25 percent premium, if only one of the Members participates in the additional capital contribution. In addition, JJC gave notice terminating the Company’s right to develop additional Jamba Juice stores and canceling the Company’s previously exclusive right to operate Jamba Juice stores in the State of Florida.

The Agreement shall continue through the earlier of the dissolution of the License Agreement or August 31, 2019.

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At December 13, 2005, the allocation of profits and losses are based on cash contributions received by the Company are as follows:

JPF	64.8%
JJC	35.2%
	100.0%

During the year ended December 13, 2005, members made capital contributions of \$983,553. This caused the percentages of allocation of profit and losses to vary during the year.

Concentrations of Risk

The Company maintains food distribution contracts primarily with one supplier. This supplier provided during fiscal year 2005, 86% of product cost included in cost of sales, which potentially

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JJC FLORIDA, LLC

Notes to Financial Statements (Continued)

For the Years Ended December 13, 2005

subjects the Company to a concentration of business risk. If this supplier had operational problems or ceased making product available to the Company, operations could be adversely affected.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

During the 2005 fiscal year, the Company changed its fiscal year end from the last Tuesday closest to December 24, to the second Tuesday in December. The 2005 fiscal year ended December 13, 2005 includes 50 weeks.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. Actual results could differ from those estimates.

Cash

Cash primarily consists of demand deposits in interest and non-interest bearing accounts. The carrying amount of these deposits approximates their fair value. The bank balances maintained may, at times, exceed available depository insurance limits. The Company believes no significant concentration of risk exists with respect to these cash balances.

The Company held bank balances in excess of available depository limits of approximately \$84,000 as of December 13, 2005.

Fair Value of Financial Instruments

The carrying value of cash and equivalents, receivables, and accounts payable and accrued expenses approximates fair value. The carrying value of deferred rent and deferred tenant allowances approximate their estimated fair value due to the relatively short maturities.

Inventories

Inventories include only the purchase cost and are stated at lower of cost or market. Cost is determined using the first-in, first-out method (FIFO). Inventories consist of food, beverages and available for sale promotional products.

Property and Equipment

Furniture, fixtures, and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of furniture, fixtures, and equipment is calculated using the straight-line method over the estimated useful life of the asset generally ranging from three to seven years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease term, which is generally 10 years, commencing the month after the asset is placed in service. The costs of repair and maintenance are expensed when incurred, while expenditures for refurbishments and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized.

Depreciation and amortization amounted to \$622,469 as of December 13, 2005.

Long-Lived Assets

Asset impairments are recorded when the carrying values of assets are not recoverable. For purposes of recognizing and measuring impairment of long-lived assets, the Company categorizes assets of operating stores as "Assets to Be Held and Used" and assets of stores that have been closed

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JJC FLORIDA, LLC
Notes to Financial Statements (Continued)
For the Years Ended December 13, 2005

as "Assets to Be Disposed Of." The Company evaluates assets at the store level because this is the lowest level of identifiable cash flows ascertainable to evaluate impairment. Assets being tested for recoverability at this level include tangible long-lived assets.

The Company reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or at least annually. Impairment losses are measured as the amount by which the carrying amount of assets exceeds the fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. No impairment losses were incurred in

2005.

Deferred Rent

The Company's lease agreements generally include scheduled rent increases during the lease term, or for rental payments commencing at a date other than the date of initial occupancy. Rent expense is recognized on a straight-line basis over the respective terms of the leases. The difference between the amount charged to operations and cash paid under the leases is recorded as deferred rent.

Deferred Tenant Allowance

Deferred tenant allowance amounts represent tenant allowances provided by the landlord for leasehold improvements at various locations. The tenant allowance amounts were previously recorded as an offset to the respective leasehold improvements which the Company determined was not in accordance with generally accepted accounting principles but was not material enough to restate prior year's financial statements. These amounts are amortized over the shorter of the related leasehold improvement life or the term of the lease.

Revenue Recognition

Revenue is recognized when the product is sold. Revenue from jambacards and gift certificates are recognized upon redemption. If collection is doubtful, a receivable and an allowance are recorded without any revenue recognition. Revenue is recognized at the time such receivables are collected. There was no allowance required as of December 13, 2005.

Pre-opening Costs

Pre-opening costs include certain costs incurred to establish a new store location and costs incurred in connection with the start-up of its operations.

The Company records pre-opening expenses in accordance with Statement of Position 98-5, Reporting on the Costs of Start-Up Activities, which requires costs of start-up activities and organization costs to be expensed as incurred.

Marketing and Promotion

All marketing and promotion costs are expensed as incurred. Marketing and promotion costs amounted to \$307,155 as of December 13, 2005.

Income Taxes

Income or loss for tax reporting purposes is the responsibility of the individual members and, accordingly, no provision or benefit for income taxes is recorded by the Company.

Segment Reporting

In 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 131, Disclosures about Segments of an Enterprise and Related Information. The method of determining what information to report is based on the way that management organizes the operating segments within the Company for making operational decisions

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JJC FLORIDA, LLC
Notes to Financial Statements (Continued)
For the Years Ended December 13, 2005

and assessments of financial performance. The Company operates under one reportable retail segment. Accordingly, segment information is not applicable.

Recent Accounting Pronouncements

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 clarifies the accounting for certain financial instruments with characteristics of both liabilities and equity and requires that those instruments be classified as liabilities in statements of financial position. Previously, many of those financial instruments were classified as equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the fiscal year 2004. The Company's adoption of SFAS No. 150 did not have an impact on its financial statements.

The Company adopted FASB Interpretation No. 46 and 46R, Consolidation of Variable Interest Entities, effective December 29, 2002. Interpretation 46, as revised in December 2003, changes the accounting model for consolidation from one based on control through voting interests to one based on control through economic interests. Whether to consolidate an entity now also considers whether that entity has sufficient equity at risk to enable it to operate without additional subordinated financial support, whether the equity owners in that entity lack the obligation to absorb expected losses or the right to receive residual returns of the entity, or whether voting rights in the entity are not proportional to the equity interest and substantially all the entity's activities are conducted for an investor with few voting rights. This interpretation requires a Company to consolidate variable interest entities (VIE's) if the enterprise is a primary beneficiary of the VIE and the VIE possesses specific characteristics. It also requires additional disclosures for parties involved with VIE's. The adoption of this statement did not have a material impact on the Company's results of operations or financial position because the Company does not invest or participate in any entities, which would be considered VIE's under Interpretation 46.

In December 2004, the FASB issued SFAS No. 151, Inventory Costs, which clarifies the accounting for freight, handling costs, and wasted material (spoilage). Under this Statement, such items will be recognized as current-period charges. In addition, the Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This Statement will be effective for the Company for inventory costs incurred on or after January 1, 2006. The Company does not expect the adoption of this Statement to have a significant effect on the Company's financial statements.

In March 2005, the FASB issued Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations, an interpretation of SFAS No. 143 (FIN 47). FIN 47 requires the recognition of a liability for the fair value of a legally-required conditional asset retirement obligation when incurred, if the liability's fair value can be reasonably estimated. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective for fiscal years ending after December 15, 2005. The Company does not expect the adoption of SFAS 143 to have a significant effect on the Company's financial statements.

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections, which supersedes Accounting Principles Board Opinion No. 20, Accounting Changes and SFAS No. 3, Reporting Accounting Changes

in Interim Financial Statements. SFAS 154 changes the requirements for the accounting for and reporting of changes in accounting principles. The statement requires the retroactive application to prior periods' financial statements of changes in accounting principles, unless it is impracticable to determine either the period specific effects or the cumulative effect of the change. SFAS 154 does not change the guidance for reporting the correction of an error in previously issued financial statements or the change in an accounting estimate. SFAS 154 is effective for

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JJC FLORIDA, LLC
Notes to Financial Statements (Continued)
For the Years Ended December 13, 2005

accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of SFAS 154 to have a material impact on its results of operations and financial condition.

NOTE 3. INVENTORIES

Inventories consisted of the following:

	December 13, 2005
Store restaurant	\$ 65,355
Store retail	11,535
	\$ 76,890

Lease Commitments

The Company leases its store locations under operating leases expiring through 2015. Most of the leases provide for renewable option periods. Total lease expense approximated \$624,000 as of December 13, 2005.

At December 13, 2005, the future minimum rental commitments under these leases, including renewal options likely to be exercised, were approximately:

Year ended December,	
2006	\$ 601,000
2007	607,000
2008	609,000
2009	653,000
2010	623,000
Thereafter	1,604,000
	\$ 4,697,000

In addition to the amounts above, the Company is responsible for common area maintenance costs, real property taxes and additional rents, based on revenues, pursuant to certain store leases.

The Company entered into a lease agreement with a third-party to lease blender equipment for its store operations and is charged 2.0 cents per blended beverage sold.

Blender charges are included in other store operating expenses in the accompanying statements of operations. As of December 13, 2005 charges incurred were approximately \$31,000.

Other Commitments and Contingencies

Royalty and Service Fees

The Company pays royalty and service fees equal to 5 percent of Net Sales, as defined, pursuant to the License Agreement with JJC.

Pursuant to the Amendment discussed in Note 1, payment of the royalty fees are deferred until the earlier of the time that the Company maintains positive cash flow for four consecutive quarters or June 30, 2008, at which time the deferred royalty fees become payable over a 12 month period and include interest based on the Company's prevailing rate, as calculated quarterly. The deferral of royalty fees is retroactively effective to January 1, 2003.

In 2005, the Company incurred approximately \$332,000 in royalty fees, respectively. At December 13, 2005, unpaid royalty fees and related interest expense in the amount of approximately \$741,000, were included in accrued liabilities.

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JJC FLORIDA, LLC
Notes to Financial Statements (Continued)
For the Years Ended December 13, 2005

Territorial Fees

Pursuant to the License Agreement, the Company paid a territorial fee of \$125,000 in 2000 to JJC for the development of the first ten Jamba Juice stores in Florida. According to the License Agreement, the Company is also required to pay JJC a front-end fee, the amount of which is determined by the total number of Jamba Juice stores in Florida and Hawaii combined. The Hawaii Jamba Juice stores are owned and operated by JJC Hawaii, LLC, a Hawaii limited liability company and affiliated entity.

The front-end fees are \$12,500 per store for the first ten Florida stores and \$25,000 per store thereafter, if the combined store count is less than twenty-five. However, if the combined store count equals or exceeds twenty-five, then the front-end fee shall be reduced to \$2,500 per store for the first ten Florida stores and \$15,000 thereafter.

Pursuant to the Amendment discussed in Note 1, the payment of front-end fees are deferred until the earlier of the time that the Company maintains positive cash flow for four consecutive quarters or June 30, 2008, at which time the deferred front-end fees become payable over a 12 month period and include interest based on the Company's

prevailing rate, as calculated quarterly. The deferral of front-end fees is retroactively effective to January 1, 2003.

The Company incurred front-end fees of \$18,000 in 2005, which were expensed as preopening costs.

Marketing Requirement

Based on the License Agreement, the Company was originally committed to spend a minimum of 1.5 percent of Net Sales, as defined, on marketing and promotions in the State of Florida. The License Agreement also required the Company to contribute 3.5 percent of Net Sales, as defined, to JJC's national marketing fund. Prior to the amendments discussed below, for the first five years following the opening of the first Florida store, JJC was required to spend a minimum of three-sevenths of contributions received from the Company toward the direct marketing of the Jamba Juice brand, services and products in the State of Florida. Such contributions were to be expended within twelve months of receipt or otherwise be reimbursed to the Company. Following the said five-year period, JJC expected to have a national marketing program in place with direct benefit to the State of Florida and as such, would no longer be obligated to spend the minimum three-sevenths of national marketing fund contributions toward direct marketing in the State of Florida.

In July 2001, JJC revised its policy with regard to marketing requirements. Under the revised policy, the Company's obligation to spend 1.5 percent of Net Sales, as defined, on marketing and promotions in the State of Florida was suspended by JJC until further notice. In addition, effective July 1, 2001, the Company was required to contribute 1.5 percent of Net Sales to JJC's national marketing fund and spend an additional 2 percent of Net Sales, previously remitted to JJC, for JJC-approved local marketing.

On July 24, 2002, a second revision to JJC's policy was made which increased the national marketing fund contribution to 1.7 percent of Net Sales and reduced the JJC-approved local marketing spending correspondingly to 1.8 percent of Net Sales.

On August 5, 2005, a third revision to JJC's policy was made, which increased the national marketing fund contribution to 2.0 percent of Net Sales and reduced the JJC-approved local marketing spending correspondingly to 1.5 percent of Net Sales.

The policy terms are subject to change at any time at JJC's sole discretion and JJC may perform audits as deemed necessary to ensure the spending is timely and relates to bona fide marketing activities. Pursuant to the Amendment discussed in Note 1, national marketing fund contributions are deferred retroactively from January 1, 2003 until the earlier of the time that the Company maintains

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JJC FLORIDA, LLC
Notes to Financial Statements (Continued)
For the Years Ended December 13, 2005

positive cash flow for four consecutive quarters or June 30, 2008, at which time the deferred contributions become payable over a 12 month period and include interest based on the Company's prevailing rate, as calculated quarterly.

At December 13, 2005, unpaid marketing fund contributions in the amount of \$267,000, were included in accrued liabilities. As of December 13, 2005, the Company was in compliance with these marketing requirements.

Distributor Agreements

The Company entered into two third-party distributor agreements whereby most of the Company's retail and restaurant inventory is purchased. Either party, given proper notice as specified in these agreements, may terminate these agreements at any time.

Litigation

The Company may be involved in litigation arising from transactions in the ordinary course of business. Management believes that the ultimate liability, if any, resulting from transactions in the ordinary course of business will not have a material effect on the financial condition and results of operations of the Company.

NOTE 5. EMPLOYEE BENEFIT PLAN

The Company offers a 401(K) retirement savings plan (the "Plan"), where eligible employees may contribute up to 25 percent of their compensation, as defined. The Company may make discretionary profit sharing contributions based on the employees' compensation, as defined. Administrative expenses and other costs to administer the Plan, unless paid directly by the Company, are paid for by the Plan. The Company made no discretionary contributions in 2005.

NOTE 6. RELATED PARTY TRANSACTIONS

Coffee Partners Hawaii

In 2001, the Company entered into a management agreement with Coffee Partners Hawaii (CPH), a Hawaii general partnership and affiliated entity. Under the terms of this agreement, certain administrative services and/or support such as accounting, payroll administration, executive management, store development, marketing, human resources, and training are to be provided to the Company in return for a management fee. The agreement also provides for certain management and development consulting services to be provided to CPH by the Company. In 2005, the Company incurred CPH management fees of approximately \$172,000.

Café Del Caribe, LLC

In 2002, the Company entered into a management agreement with affiliate Café Del Caribe, LLC (CDC), a Delaware limited liability company, whereby certain executive management, administrative, marketing and store development services and/or support are provided to CDC in return for a management fee. The Company recognized management fees of approximately \$3,000 in 2005 in conjunction with this agreement.

JJC

In 2004, the Company entered into a consulting agreement with JJC for consultation regarding the design, development and construction of stores constructed by the Company and the purchase of store furnishings and equipment. In 2005, the Company incurred consulting fees of \$16,000, related to this agreement.

In June 28, 2005, the Company entered into a management agreement with JJC for JJC to manage and perform all of the day-to-day operations of the Company's stores. JJC will also perform complete accounting services for the Company. In 2005, the Company incurred approximately \$73,000 in management fees.

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JJC FLORIDA, LLC
Notes to Financial Statements (Continued)
For the Years Ended December 13, 2005

Affiliates

Certain related parties paid for various expenses on behalf of the Company. In addition, amounts are owed to related parties for management fees. As of December 13, 2005, related amounts owed were approximately \$92,000, of which, \$60,000 is reflected in accounts payable and approximately \$32,000 is reflected in accrued liabilities.

NOTE 7. SUBSEQUENT EVENT

The Company entered into a management agreement with JJC on June 28, 2005. This agreement called for JJC to hire all of the store employees as well as the Company's two district managers and one marketing manager. On December 14, 2005, JJC hired the store team members of the Company.

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JJC FLORIDA, LLC

FINANCIAL STATEMENTS

December 28, 2004 (unaudited)
and December 23, 2003 (unaudited)

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JJC FLORIDA, LLC

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UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED
DECEMBER 28, 2004 AND DECEMBER 23, 2003:

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<u>Statements of Changes in Members' Equity</u>	<u>F-72</u>
<u>Statements of Cash Flows</u>	<u>F-73</u>
<u>Notes to Financial Statements</u>	<u>F-74</u>

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JJC FLORIDA, LLC

Balance Sheets

December 28, 2004 (unaudited)

and December 23, 2003 (unaudited)

	2004	2003
ASSETS		
Current Assets		
Cash	\$ 120,670	\$ 127,490
Receivables	1,043	8,786
Inventories	114,127	60,815
Prepaid expenses and other current assets	22,374	18,615
Total Current Assets	258,214	215,706
Property and Equipment		
Leasehold improvements	1,758,152	1,045,760
Furniture, fixtures and equipment	1,705,577	1,019,110
	3,463,729	2,064,870
Accumulated depreciation	(947,117)	(718,923)
Property and Equipment, net	2,516,612	1,345,947
Other Assets	37,039	33,862
Total Assets	\$ 2,811,865	\$ 1,595,515
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 202,772	\$ 179,224
Affiliated payable	885,670	567,145
Accrued liabilities	243,454	201,741
Total Current Liabilities	1,331,896	948,110
Deferred Rent	44,186	50,260
Total Liabilities	1,376,082	998,370
Commitments and Contingencies (Note 4)		
Members' Equity	1,435,783	597,145
Total Liabilities and Members' Equity	\$ 2,811,865	\$ 1,595,515

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

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JJC FLORIDA, LLC

Statements of Operations

For The Years Ended December 28, 2004 (unaudited)
and December 23, 2003 (unaudited)

	2004	2003
Net Revenues	\$ 4,623,078	\$ 3,377,243
Cost of Goods Sold	1,299,084	947,010
Store Operating Expense:		
Payroll and related benefits	1,764,155	1,253,856
Occupancy	613,604	387,446
Royalty, consulting and service fees to affiliates	231,147	230,020
Marketing and promotion	307,044	184,878
Depreciation and amortization	384,631	261,321
Other	368,648	256,040
Total Store Operating Expense	3,669,229	2,573,561
Pre-Opening Costs	195,809	18,534
Store Losses before General, Administrative and Development Expenses Contribution	(541,044)	(161,862)
General, Administrative and Development Expenses:		
Payroll and related benefits	304,581	233,901
Depreciation and amortization	30,675	42,529
Management fees to affiliates, net	261,662	207,000
Other	273,400	202,747
Total General, Administrative and Development Expenses	870,318	686,177
Net Loss	\$ (1,411,362)	\$ (848,039)

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

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JJC FLORIDA, LLC

Statements of Changes in Members' Equity (deficit)
 For The Years Ended December 28, 2004 (unaudited)
 and December 23, 2003 (unaudited)

	Juice Partners Florida, LLC	Jamba Juice Company	Total
Balances, December 24, 2002	\$ 1,016,676	\$ 53,508	\$ 1,070,184
Members' Contributions	356,250	18,750	375,000
Net Loss	(805,637)	(42,402)	(848,039)
Balances, December 23, 2003	567,289	29,856	597,145
Members' Contributions	250,000	2,000,000	2,250,000
Net Loss	(972,760)	(438,602)	(1,411,362)
Balances, December 28, 2004	\$ (155,471)	\$ 1,591,254	\$ 1,435,783

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

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JJC FLORIDA, LLC

Statements of Cash Flows
 For The Years Ended December 28, 2004 (unaudited)
 and December 23, 2003 (unaudited)

	2004	2003
Cash Flows from Operating Activities:		
Net loss	\$ (1,411,362)	\$ (848,039)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	415,306	303,850
Changes in assets and liabilities:		
Decrease (increase) in receivables	7,743	(6,292)
(Increase) decrease in inventories	(53,312)	1,656
(Increase) decrease in prepaid expenses and other assets	(6,936)	34,785
Increase in accounts payable	24,736	25,634
Increase in accrued liabilities	24,732	46,839
Increase in affiliated payable	334,318	279,191
(Decrease) increase in deferred rent	(6,074)	11,911
Net Cash used in Operating Activities	(670,849)	(150,465)
Cash Flows from Investing Activities:		
Property and equipment expenditures	(1,585,971)	(203,571)

Cash Flows from Financing Activities:		
Proceeds from members' contributions	2,250,000	375,000
Net Increase (Decrease) in Cash	(6,820)	20,964
Cash, Beginning of Year	127,490	106,526
Cash, End of Year	\$ 120,670	\$ 127,490

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

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JJC FLORIDA, LLC

Notes to Financial Statements

For The Years Ended December 28, 2004 (Unaudited)
and December 23, 2003 (Unaudited)

NOTE 1. ORGANIZATION

JJC Florida, LLC (the "Company"), is a Florida limited liability company established on August 13, 1999, pursuant to an operating agreement (the "Agreement") between Juice Partners Florida, LLC (JPF), a Florida limited liability company, and Jamba Juice Company (JJC), a California corporation (herein referred to collectively as the "Members"). The Company was established for the purpose of developing, owning and operating Jamba Juice retail stores in the State of Florida under an exclusive development and licensing agreement (the "License Agreement") with JJC (Note 4). The Company offers a wide variety of fresh blended-to-order smoothies, fresh-squeezed juices, baked goods and snacks through retail stores. The Company manages its operations by store. The Company operated eleven stores as of December 28, 2004 and six stores as of December 23, 2003.

JPF is the managing member and is responsible for administering the affairs of the Company. Certain major decisions, as defined, require the approval of a management committee, which is comprised of representatives from JPF and JJC. Prior to the Agreement Amendments discussed below, the Members committed to make up to \$9 million in capital contributions if requested by JPF. As of December 28, 2004 and December 23, 2003, accumulated Members capital contributions approximated \$6,704,000 and \$4,204,000, respectively.

On October 20, 2003, the Company entered into two amendments to the Agreement and License Agreement ("Amendments"), whereby JJC shall provide additional capital contributions of up to \$2 million ("Additional Contribution"), thereby increasing the Members total commitment in capital contributions to \$11 million. Under the Amendments, profits and losses are to be allocated to the Members in proportion to their cash contributions to the Company until the end of the fiscal year during which the cumulative profits of the Company equal or exceed the cumulative losses previously realized. Thereafter, profits shall be allocated to the Members in proportion to their recalculated interests. Under the Amendments, the recalculated interests of the Members are based on the commitment of the Additional Contribution, except that the commitment of the Additional Contribution made by JJC shall include a 25 percent premium.

At December 28, 2004, the allocation of profits and losses are based on cash contributions received by the Company are as follows:

JPF	66.8%
JJC	33.2%
	100.0%

During the year ended December 28, 2004, members made capital contributions of \$2,500,000. This caused the percentages of allocation of profit and losses to vary during the year.

Concentrations of Risk

The Company maintains food distribution contracts primarily with one supplier. This supplier provided during fiscal year 2005, 86% of product cost included in cost of sales, which potentially subjects the Company to a concentration of business risk. If this supplier had operational problems or ceased making product available to the Company, operations could be adversely affected.

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JJC FLORIDA, LLC
Notes to Financial Statements
For The Years Ended December 28, 2004 (Unaudited)
and December 23, 2003 (Unaudited)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Basis of Presentation

The Company's fiscal year ends on the last Tuesday closest to December 24. The 2004 fiscal year ended December 28, 2004 includes 53 weeks. The 2003 fiscal year ended December 23, 2003 includes 52 weeks.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. Actual results could differ from those estimates.

Cash

Cash primarily consists of demand deposits in interest and non-interest bearing accounts. The carrying amount of these deposits approximates their fair value. The bank balances maintained may, at times, exceed available depository insurance limits. The Company believes no significant concentration of risk exists with respect to these cash balances.

The Company held bank balances in excess of available depository limits of approximately \$105,000 and \$202,000, as of December 28, 2004 and December 23, 2003, respectively.

Fair Value of Financial Instruments

The carrying value of cash and equivalents, receivables, and accounts payable and accrued expenses approximates fair value. The carrying value of deferred rent and deferred tenant allowances approximate their estimated fair value due to the relatively short maturities.

Inventories

Inventories include only the purchase cost and are stated at lower of cost of market. Cost is determined using the first-in, first-out method (FIFO). Inventories consist of food, beverages and available for sale promotional products.

Property and Equipment

Furniture, fixtures, and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of furniture, fixtures, and equipment is calculated using the straight-line method over the estimated useful life of the asset generally ranging from three to seven years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease term, which is generally 10 years, commencing the month after the asset is placed in service. The costs of repair and maintenance are expensed when incurred, while expenditures for refurbishments and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized.

Depreciation and amortization amounted to \$415,306 and \$303,850, as of December 28, 2004 and December 23, 2003, respectively.

Long-Lived Assets

Asset impairments are recorded when the carrying values of assets are not recoverable. For purposes of recognizing and measuring impairment of long-lived assets, the Company categorizes

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JJC FLORIDA, LLC

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assets of operating stores as “Assets to Be Held and Used” and assets of stores that have been closed as “Assets to Be Disposed Of.” The Company evaluates assets at the store level because this is the lowest level of identifiable cash flows ascertainable to evaluate impairment. Assets being tested for recoverability at this level include tangible long-lived assets.

The Company reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or at least annually. Impairment losses are measured as the amount by which the carrying amount of assets exceeds the fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. No impairment losses were incurred in 2004 and 2003.

Deferred Rent

The Company's lease agreements generally include scheduled rent increases during the lease term, or for rental payments commencing at a date other than the date of initial occupancy. Rent expense is recognized on a straight-line basis over the respective terms of the leases. The difference between the amount charged to operations and cash paid under the leases is recorded as deferred rent.

Revenue Recognition

Revenue is recognized when the product is sold. Revenue from jambacards and gift certificates are recognized upon redemption. If collection is doubtful, a receivable and an allowance are recorded without any revenue recognition. Revenue is recognized at the time such receivables are collected. There was no allowance required as of December 28, 2004 and December 23, 2003.

Pre-opening Costs

Pre-opening costs include certain costs incurred to establish a new store location and costs incurred in connection with the start-up of its operations.

The Company records pre-opening expenses in accordance with Statement of Position 98-5, Reporting on the Costs of Start-Up Activities, which requires costs of start-up activities and organization costs to be expensed as incurred.

Marketing and Promotion

All marketing and promotion costs are expensed as incurred. Marketing and promotion costs amounted to \$307,044 and \$184,878 as of December 28, 2004 and December 23, 2003, respectively.

Income Taxes

Income or loss for tax reporting purposes is the responsibility of the individual members and, accordingly, no provision or benefit for income taxes is recorded by the Company.

Segment Reporting

In 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 131, Disclosures about Segments of an Enterprise and Related Information. The method of determining what information to report is based on the way that management organizes the operating segments within the Company for making operational decisions and assessments of financial performance. The Company operates under one reportable retail segment. Accordingly, segment information is not applicable.

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Recent Accounting Pronouncements

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 clarifies the accounting for certain financial instruments with characteristics of both liabilities and equity and requires that those instruments be classified as liabilities in statements of financial position. Previously, many of those financial instruments were classified as equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the fiscal year 2004. The Company's adoption of SFAS No. 150 did not have an impact on its financial statements.

The Company adopted FASB Interpretation No. 46 and 46R, Consolidation of Variable Interest Entities, effective December 29, 2002. Interpretation 46, as revised in December 2003, changes the accounting model for consolidation from one based on control through voting interests to one based on control through economic interests. Whether to consolidate an entity now also considers whether that entity has sufficient equity at risk to enable it to operate without additional subordinated financial support, whether the equity owners in that entity lack the obligation to absorb expected losses or the right to receive residual returns of the entity, or whether voting rights in the entity are not proportional to the equity interest and substantially all the entity's activities are conducted for an investor with few voting rights. This interpretation requires a Company to consolidate variable interest entities (VIE's) if the enterprise is a primary beneficiary of the VIE and the VIE possesses specific characteristics. It also requires additional disclosures for parties involved with VIE's. The adoption of this statement did not have a material impact on the Company's results of operations or financial position because the Company does not invest or participate in any entities, which would be considered VIE's under Interpretation 46.

In December 2004, the FASB issued SFAS No. 151, Inventory Costs, which clarifies the accounting for freight, handling costs, and wasted material (spoilage). Under this Statement, such items will be recognized as current-period charges. In addition, the Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This Statement will be effective for the Company for inventory costs incurred on or after January 1, 2006. The Company does not expect the adoption of this Statement to have a significant effect on the Company's financial statements.

NOTE 3. INVENTORIES

Inventories consisted of the following:

	December 28, 2004	December 23, 2003
Store restaurant	\$ 103,510	\$ 53,377
Store retail	10,617	7,438
	\$ 114,127	\$ 60,815

NOTE 4. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company leases its store locations under operating leases expiring through 2015. Most of the leases provide for renewable option periods. Total lease expense approximated \$392,000 and \$260,000 as of December 28, 2004 and December 23, 2003, respectively.

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At December 28, 2004, the future minimum rental commitments under these leases, including renewal options likely to be exercised, were approximately:

Year ended December,	
2005	\$ 585,000
2006	667,000
2007	543,000
2008	543,000
2009	563,000
Thereafter	2,157,000
	\$ 5,058,000

In addition to the amounts above, the Company is responsible for common area maintenance costs, real property taxes and additional rents, based on revenues, pursuant to certain store leases.

The Company entered into a lease agreement with a third-party to lease blender equipment for its store operations and is charged 3.0 cents per blended beverage sold. Beginning August 2003, the charge decreased to 2.0 cents per blended beverage sold.

Blender charges are included in other store operating expenses in the accompanying statements of operations. As of December 28, 2004 and December 23, 2003 charges incurred were approximately \$24,000 and \$23,000, respectively.

Other Commitments and ContingenciesRoyalty and Service Fees

The Company pays royalty and service fees equal to 5 percent of Net Sales, as defined, pursuant to the License Agreement with JJC.

Pursuant to the Amendment discussed in Note 1, payment of the royalty fees are deferred until the earlier of the time that the Company maintains positive cash flow for four consecutive quarters or June 30, 2008, at which time the deferred royalty fees become payable over a 12 month period and include interest based on the Company's prevailing rate, as calculated quarterly. The deferral of royalty fees is retroactively effective to January 1, 2003.

In 2004 and 2003, the Company incurred approximately \$231,000 and \$168,000 in royalty fees, respectively. At December 28, 2004 and December 23, 2003, unpaid royalty fees and related interest expense in the amount of approximately \$407,000 and \$166,000, respectively, were included in accrued liabilities.

Territorial Fees

Pursuant to the License Agreement, the Company paid a territorial fee of \$125,000 in 2000 to JJC for the development of the first ten Jamba Juice stores in Florida. According to the License Agreement, the Company is also required to pay JJC a front-end fee, the amount of which is determined by the total number of Jamba Juice stores in Florida and Hawaii combined. The Hawaii Jamba Juice stores are owned and operated by JJC Hawaii, LLC, a Hawaii limited liability company and affiliated entity.

The front-end fees are \$12,500 per store for the first ten Florida stores and \$25,000 per store thereafter, if the combined store count is less than twenty-five. However, if the combined store count equals or exceeds twenty-five, then the front-end fee shall be reduced to \$2,500 per store for the first ten Florida stores and \$15,000 thereafter.

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Pursuant to the Amendment discussed in Note 1, the payment of front-end fees are deferred until the earlier of the time that the Company maintains positive cash flow for four consecutive quarters or June 30, 2008, at which time the deferred front-end fees become payable over a 12 month period and include interest based on the Company's prevailing rate, as calculated quarterly. The deferral of front-end fees is retroactively effective to January 1, 2003.

The Company incurred front-end fees of \$12,500 in 2004, which were expensed as preopening costs. No front-end fees were incurred in 2003.

Marketing Requirement

Based on the License Agreement, the Company was originally committed to spend a minimum of 1.5 percent of Net Sales, as defined, on marketing and promotions in the State of Florida. The License Agreement also required the Company to contribute 3.5 percent of Net Sales, as defined, to JJC's national marketing fund. Prior to the amendments discussed below, for the first five years following the opening of the first Florida store, JJC was required to spend a minimum of three-sevenths of contributions received from the Company toward the direct marketing of the Jamba Juice brand, services and products in the State of Florida. Such contributions were to be expended within twelve months of receipt or otherwise be reimbursed to the Company. Following the said five-year period, JJC expected to have a national marketing program in place with direct benefit to the State of Florida and as such, would no longer be obligated to spend the minimum three-sevenths of national marketing fund contributions toward direct marketing in the State of Florida.

In July 2001, JJC revised its policy with regard to marketing requirements. Under the revised policy, the Company's obligation to spend 1.5 percent of Net Sales, as defined, on marketing and promotions in the State of Florida was suspended by JJC until further notice. In addition, effective July 1, 2001, the Company was required to contribute 1.5 percent of Net Sales to JJC's national marketing fund and spend an additional 2 percent of Net Sales, previously remitted to JJC, for JJC-approved local marketing.

On July 24, 2002, a second revision to JJC's policy was made which increased the national marketing fund contribution to 1.7 percent of Net Sales and reduced the JJC-approved local marketing spending correspondingly to

1.8 percent of Net Sales.

The policy terms are subject to change at any time at JJC's sole discretion and JJC may perform audits as deemed necessary to ensure the spending is timely and relates to bona fide marketing activities. Pursuant to the Amendment discussed in Note 1, national marketing fund contributions are deferred retroactively from January 1, 2003 until the earlier of the time that the Company maintains positive cash flow for four consecutive quarters or June 30, 2008, at which time the deferred contributions become payable over a 12 month period and include interest based on the Company's prevailing rate, as calculated quarterly.

At December 28, 2004 and December 23, 2003, unpaid marketing fund contributions in the amount of \$148,000 and \$66,000, respectively, were included in accrued liabilities. As of December 28, 2004 and December 23, 2003, the Company was in compliance with these marketing requirements.

Distributor Agreements

The Company entered into two third-party distributor agreements whereby most of the Company's retail and restaurant inventory is purchased. Either party, given proper notice as specified in these agreements, may terminate these agreements at any time.

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Litigation

The Company may be involved in litigation arising from transactions in the ordinary course of business. Management believes that the ultimate liability, if any, resulting from transactions in the ordinary course of business will not have a material effect on the financial condition and results of operations of the Company.

NOTE 5. EMPLOYEE BENEFIT PLAN

The Company offers a 401(K) retirement savings plan (the "Plan"), where eligible employees may contribute up to 25 percent of their compensation, as defined. The Company may make discretionary profit sharing contributions based on the employees' compensation, as defined. Administrative expenses and other costs to administer the Plan, unless paid directly by the Company, are paid for by the Plan. The Company made no discretionary contributions in 2004 and 2003.

NOTE 6. RELATED PARTY TRANSACTIONS

Coffee Partners Hawaii

In 2001, the Company entered into a management agreement with Coffee Partners Hawaii (CPH), a Hawaii general partnership and affiliated entity. Under the terms of this agreement, certain administrative services and/or support such as accounting, payroll administration, executive management, store development, marketing, human resources, and

training are to be provided to the Company in return for a management fee. The agreement also provides for certain management and development consulting services to be provided to CPH by the Company. In 2004 and 2003, the Company incurred CPH management fees of approximately \$286,000 and \$226,000, respectively.

Café Del Caribe, LLC

In 2002, the Company entered into a management agreement with affiliate Café Del Caribe, LLC (CDC), a Delaware limited liability company, whereby certain executive management, administrative, marketing and store development services and/or support are provided to CDC in return for a management fee. The Company recognized management fees of approximately \$24,000 and \$19,000 in 2004 and 2003, respectively in conjunction with this agreement.

JJC

In 2004, the Company entered into a consulting agreement with JJC for consultation regarding the design, development and construction of stores constructed by the Company and the purchase of store furnishings and equipment. In 2004, the Company incurred consulting fees of \$32,000 related to this agreement.

Affiliates

Certain related parties paid for various expenses on behalf of the Company. In addition, amounts are owed to related parties for management fees. As of December 28, 2004, related amounts owed were approximately \$362,000, of which, \$45,000 is reflected in accounts payable and approximately \$317,000 is reflected in accrued liabilities. As of December 23, 2003, related amounts owed were approximately \$395,000, of which, is reflected in accrued liabilities.

NOTE 7. SUBSEQUENT EVENT

The Company entered into a management agreement with JJC on June 28, 2005. This agreement called for JJC to hire all of the store employees as well as the Company's two district managers and one marketing manager. On December 14, 2005, JJC hired the store team members of the Company.

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ANNEX A

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

SERVICES ACQUISITION CORP. INTERNATIONAL,

JJC ACQUISITION COMPANY,

AND

JAMBA JUICE COMPANY

DATED AS OF MARCH 10, 2006

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this “Agreement”) is made and entered into as of March 10, 2006, by and among Services Acquisition Corp. International, a Delaware corporation (“Parent”), JJC Acquisition Company, a California corporation and a wholly-owned subsidiary of Parent (“Merger Sub”) and Jamba Juice Company, a California corporation (the “Company”).

RECITALS

A. Parent, Merger Sub and the Company intend to enter into a business combination transaction by means of a merger (the “Merger”) of Merger Sub with and into the Company in accordance with this Agreement and the California General Corporation Law (the “CGCL”), with the Company to be the surviving corporation of the Merger, through an exchange of all the issued and outstanding shares of capital stock of the Company for cash.

B. Pursuant to the Merger, each outstanding share of Company common stock (“Company Common Stock”) and company preferred stock (“Company Preferred Stock”) shall be converted into the right to receive the Per Share Merger Consideration (as determined by and defined in Section 1.5(a)), upon the terms and subject to the conditions set forth herein.

C. The Board of Directors of the Company has unanimously (i) determined that the Merger is fair to, and in the best interests of, the Company and its stockholders, (ii) approved this Agreement, the Merger, and the other transactions contemplated by this Agreement and (iii) determined to recommend that the stockholders of the Company adopt and approve this Agreement, and the other transactions contemplated by this Agreement, and approve the Merger.

D. The respective Boards of Directors of Parent and Merger Sub have approved this Agreement, the Merger and the other transactions contemplated by this Agreement.

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 are hereby acknowledged, the parties agree as follows (defined terms used in this Agreement are listed alphabetically in Article IX, together with the Section and, if applicable, paragraph number in which the definition of each such term is located):

ARTICLE I

THE MERGER

1.1 The Merger. At the Effective Time (as defined in Section 1.2) and subject to and upon the terms and conditions of this Agreement and the applicable provisions of the CGCL, Merger Sub shall be merged with and into Company, the separate corporate existence of Merger Sub shall cease and Company shall continue as the surviving corporation. The Company as the surviving corporation after the Merger is hereinafter sometimes referred to as the “Surviving Corporation.”

1.2 Effective Time; Closing. Subject to the conditions of this Agreement, the parties hereto shall cause the Merger to be consummated by filing with the Secretary of State of the State of California, a properly executed agreement of

merger (the “Merger Agreement”) and a properly executed Certificate of Merger (the “Certificate of Merger”) in such form as may be agreed by the parties hereto and as required by the relevant provisions of the CGCL (the time of such filing with the Secretary of State of the State of California, or such later time as may be agreed in writing by Company and Parent and specified in the Certificate of Merger, being the “Effective Time”) as soon as practicable on or after the Closing Date (as herein defined). The term “Agreement” as used herein refers to this Agreement and Plan of Merger, as the same may be amended from time to time, and all schedules hereto (including the Company Schedule and the Parent Schedule, as defined in the preambles to Articles II and III hereof, respectively). Unless this Agreement shall have been terminated pursuant to Section 8.1, the closing of the Merger (the “Closing”) shall take place at the offices of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. (“Mintz Levin”), counsel to Parent, at

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666 Third Avenue, New York, New York 10017, at a time and date to be specified by the parties, which shall be no later than the second business day after the satisfaction or waiver of the conditions set forth in Article VI, or at such other time, date and location as the parties hereto agree in writing (the “Closing Date”). Closing signatures may be transmitted by facsimile.

1.3 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 CGCL, as applicable. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all the property, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

1.4 Certificate of Incorporation; Bylaws. (a) At the Effective Time, the certificate of incorporation of the Merger Sub shall be the certificate of incorporation of the Surviving Corporation.

(b) Also at the Effective Time, the bylaws of the Merger Sub shall be the bylaws of the Surviving Corporation.

1.5 Effect on Capital Stock. Subject to the terms and conditions of this Agreement, at the Effective Time, by virtue of the Merger and this Agreement and without any action on the part of Merger Sub, the Company or the holders of any of the following securities, the following shall occur:

(a) Conversion of Company Capital Stock. Each share of Company Common Stock, each share of Company Preferred Stock (collectively, the “Company Capital Stock”) and each vested Company Option (subject to the provisions of Section 5.18) issued and outstanding immediately prior to the Effective Time (excluding shares to be canceled pursuant to Section 1.5(b) and Dissenting Shares pursuant to Section 1.13) will as of the Closing Date be automatically converted into the right to receive that amount of cash determined by multiplying the applicable Per Share Merger Consideration by the number of shares of Company Capital Stock held by each Company stockholder and holder of vested Company Options (subject to the provisions of Section 5.18), determined on an as-converted and as-exercised basis, provided, that, in all circumstances, the following provisions shall apply:

(A) “Per Share Merger Consideration” means an amount, expressed in dollars and cents, equal to the Total Merger Consideration, divided by the sum of (i) the total number of shares of Company Capital Stock and shares underlying vested Company Options ((subject to the provisions of Section 5.18), determined on an as-converted and as-exercised basis, issued and outstanding immediately prior to the Effective Time (excluding shares to be canceled pursuant to Section 1.5(b)), plus (ii) the number of shares of Company Capital Stock issuable upon exercise of all unvested

Company Options and unexercised Company Warrants outstanding immediately prior to the Effective Time, determined using the Treasury Method, which, as of the date hereof, is estimated to be Six Dollars (\$6.00). If the Per Share Merger Consideration determined as provided above plus any pro-rata amounts deducted for application to the Escrow Cash or the Representative Account, is less than Six Dollars (\$6.00), then the aggregate Per Share Merger Consideration payable to the holders of the Company's Capital Stock (other than holders of the Company's Series E Preferred Stock) and holders of vested Company Options (subject to the provisions of Section 5.18) shall be reduced by the minimum amount necessary and allocated to the Per Share Merger Consideration payable to holders of the Company's Series E Preferred Stock so that the Per Share Merger Consideration plus any pro-rata amounts deducted for application to the Escrow Cash or the Representative Account, payable to the holders of the Company's Series E Preferred Stock equals Six Dollars (\$6.00), and the Per Share Merger Consideration payable to holders of the Company's Capital Stock (other than holders of the Company's Series E Preferred Stock) and holders of vested Company Options (subject to the provisions of Section 5.18) shall be reduced accordingly.

(B) "Treasury Method" shall mean the treasury stock method which assumes that all outstanding "in the money" Company Options and unexercised Company Warrants to be

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assumed by Parent are exercised, with the proceeds from such exercises being used to purchase as many shares of Company Capital Stock as possible, at the estimated Per Share Merger Consideration (including, for this purpose, the allocable share of cash deposited as part of the Escrow Cash and in the Representative Account) of Six Dollars (\$6.00).

(C) "Statement of Expenses" shall have the meaning ascribed to such term in Section 5.22.

(D) "Total Indebtedness" shall mean \$16,000,000.

(E) "Total Merger Consideration" shall mean \$265,000,000 less Total Indebtedness and the amount of the Company Third Party Expenses as reflected on the Statement of Expenses.

(b) Cancellation of Treasury and Parent-Owned Stock. Each share of Company Capital Stock held by the Company or owned by Merger Sub, Parent or any direct or indirect wholly-owned subsidiary of the Company or of Parent immediately prior to the Effective Time shall be canceled and extinguished without any conversion or payment in respect thereof.

(c) Stock Options.

(i) Each vested Company Stock Option then outstanding under the Company's 1994 Stock Incentive Plan and 2001 Equity Incentive Plan (the "**Company Stock Option Plans**") shall be converted into the right to receive, with respect to each share of Company Capital Stock issuable pursuant to such Company Stock Option, the applicable Per Share Merger Consideration payable to holders of Common Stock, less any amounts that would have been payable by the holder of such Company Stock Option to the Company, or required to be withheld by the Company, upon the exercise of such Company Stock Option with respect to such share of Company Capital Stock.

(ii) All unvested options to purchase Company Common Stock outstanding at the Effective Time under the Company's Stock Option Plans shall be exchanged for options to purchase Parent Common Stock in accordance with

Section 5.18.

(d) Warrants. All unexercised Company Warrants outstanding at the Effective Time, provided they have been amended in a manner reasonably acceptable to Parent, shall be assumed by Parent in accordance with Section 5.18, and all holders of Company Warrants shall thereafter have the right to purchase shares of Parent Common Stock.

(e) Capital Stock of Merger Sub. Each share of common stock, no par value, of Merger Sub (the “Merger Sub Common Stock”) issued and outstanding immediately prior to the Effective Time shall be converted into one validly issued, fully paid and nonassessable share of common stock, no par value per share, of the Surviving Corporation. Each certificate evidencing ownership of shares of Merger Sub Common Stock shall evidence ownership of such shares of common stock of the Surviving Corporation.

1.6 Surrender of Certificates. (a) Exchange Agent. Prior to the Effective Time, Parent shall designate a United States bank or trust company reasonably acceptable to the Company to act as exchange agent (the “Exchange Agent”) in the Merger.

(b) Exchange Procedures. At the later of (i) the Effective Time and (ii) three (3) Business Days following the Closing, Parent shall cause to be mailed to each holder of record of a certificate or certificates (the “Certificates”) which immediately prior to the Effective Time represented outstanding shares of Company Capital Stock, (A) a letter of transmittal (the “Letter of Transmittal”) which shall specify that delivery of Certificates shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent and shall be in such form and have such other provisions as Parent may specify and (B) instructions for use in effecting the surrender of the Certificates in exchange for the applicable Per Share Merger Consideration. Upon delivery of a Letter of Transmittal to the Exchange Agent or to such other agent or agents as may be appointed by Parent duly completed and validly executed in accordance with the instructions thereto, together with

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surrender of a Certificate (or Certificates) for cancellation, the holder of Company Common Stock shall be entitled to receive in exchange cash constituting the Per Share Merger Consideration to which such holder is entitled pursuant to Section 1.5 (less the cash to be deposited with the Escrow Agent on such holder’s behalf) and the Certificate(s) so surrendered shall forthwith be canceled. Until so surrendered, each outstanding Certificate that, prior to the Effective Time, represented shares of Company Capital Stock will be deemed from and after the Effective Time, for all corporate purposes, to evidence only the right to receive the applicable Per Share Merger Consideration provided for in this Article I.

(c) Parent to Provide Parent Cash. On the Closing Date, Parent shall deposit with the Exchange Agent for exchange in accordance with this Section 1.6 the Total Merger Consideration payable pursuant to Section 1.5 in exchange for all outstanding shares of Company Capital Stock, all shares underlying vested Company Options (subject to the provisions of Section 5.18) and shares issued pursuant to exercised Company Warrants pursuant to Section 6.3(g); provided, however, that, on behalf of the Company’s stockholders, Parent shall deposit a portion of the Total Merger Consideration otherwise payable to each stockholder to (i) the Escrow Agent pursuant to Section 1.10 and Article VII in an amount equal to \$19,875,000 and (ii) to the Representative Account pursuant to Section 1.11(b)(ii) in the amount of \$2,000,000.

(d) No Liability. Notwithstanding anything to the contrary in this Section 1.6, none of the Exchange Agent, Parent, the Surviving Corporation or any party hereto shall be liable to a holder of shares of Parent Common Stock or Company Capital Stock for any amount properly paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

(e) Required Withholding. Each of Parent and the Surviving Corporation shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable pursuant to this Agreement to any holder or former holder of Company Capital Stock such amounts as are required to be deducted or withheld therefrom under the Internal Revenue Code of 1986, as amended (the “Code”), or under any provision of state, local or foreign tax law or under any other applicable legal requirement. To the extent such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Agreement as having been paid to the person to whom such amounts would otherwise have been paid.

1.7 No Further Ownership Rights in Company Stock. All cash issued 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 there shall be no further registration of transfers on the records of the Surviving Corporation of shares of Company Capital Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, they shall be canceled and exchanged as provided in this Article I.

1.8 Lost, Stolen or Destroyed Certificates. In the event that any Certificates shall have been lost, stolen or destroyed, Parent shall issue in exchange for such lost, stolen or destroyed Certificates, upon the making of an affidavit of that fact by the holder thereof, that the shares of Company Capital Stock formerly represented by such Certificates were converted into the right to receive applicable Per Share Merger Consideration; provided, however, that, as a condition precedent to the issuance of such cash, the owner of such lost, stolen or destroyed Certificates shall indemnify Parent against any claim that may be made against Parent or the Surviving Corporation with respect to the Certificates alleged to have been lost, stolen or destroyed.

1.9 Taking of Necessary Action; Further Action. 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 the Surviving Corporation with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the Company and Merger Sub, the officers and directors of the Company and Merger Sub will take all such lawful and necessary action.

1.10 Escrow. As the sole remedy for the indemnity obligations set forth in Article VII, at the Closing the parties shall deposit \$19,875,000 in cash (such cash, together with all earnings thereon is referred to as the “Escrow Cash”) of the Total Merger Consideration, deducted from the Total

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Merger Consideration otherwise payable to each of the Company’s stockholders on a pro-rata basis, to be held during the period ending one year from the Effective Date (“Escrow Period”), all in accordance with the terms and conditions of the Escrow Agreement in the form annexed hereto as Exhibit A (the “Escrow Agreement”), to be entered into at the Closing between Parent, the Representative (as defined in Section 1.11(b)) (who shall be designated by the Company in writing prior to the Effective Date, until a successor is appointed pursuant to Section 1.11(b)) and Continental Stock Transfer and Trust Company (“Continental”), as Escrow Agent. Subject to Article VII, on the first business day following the conclusion of the Escrow Period, the Escrow Agent shall deliver the Escrow Cash, less any such

amounts applied in satisfaction of a claim for indemnification and any amounts reserved against pending claims related to the indemnification obligations set forth in Article VII, to each of the Company's former stockholders, after giving effect to the Merger ("Former Stockholders") in the same proportions as initially deposited in escrow. The remaining Escrow Cash, to the extent not applied in satisfaction of a claim for indemnification, or so reserved, will be distributed to such Persons promptly upon resolution of the dispute or claim.

1.11 Committee and Representative for Purposes of Escrow Agreement. (a) Parent Committee. Prior to the Closing, the Board of Directors of Parent shall appoint a committee consisting of one of its then members to act on behalf of Parent to take all necessary actions and make all decisions pursuant to the Escrow Agreement regarding Parent's right to indemnification pursuant to Article VII hereof. In the event of a vacancy in such committee, the Board of Directors of Parent shall appoint as a successor a Person who was a director of Parent prior to the Closing Date or some other Person who would qualify as an "independent" director of Parent and who has not had any relationship with the Company prior to the Closing. Such committee is intended to be the "Committee" referred to in Article VII hereof and the Escrow Agreement.

(b) Stockholders' Representative.

(i) In order to administer efficiently (i) the implementation of the Agreement on behalf of the Former Stockholders and (ii) the settlement of any dispute with respect to the Agreement, the Company shall, prior to the Effective Time, designate one to three Persons to act as a representative on behalf of the Former Stockholders (collectively, the "Representative"). By approving this Agreement, the Company's stockholders authorize and empower the Company to make such designation, approve and ratify all of the rights, powers and authorities provided to the Representative under the terms of this Agreement, and agree to be bound by all decisions and other actions taken by the Representative

(ii) In order to reimburse the Representative for its fees and costs, and to fund any costs of defense of any claims by the Parent Indemnitees under Article VII at the Closing the Parent, at the direction of the Company, shall deposit \$2,000,000 in cash of the Total Merger Consideration otherwise payable to each of the Company's stockholders on a pro-rata basis with a financial institution identified by the Company to Parent in writing prior to the Closing (the "Representative Account"), to be held until the Escrow Period has terminated and no further claims remain outstanding under Article VII or the Escrow Agreement. The funds in the Representative Account shall bear interest, and such funds together with any interest thereon, less the fees and costs of the Representative, and any fees or costs incurred to fund costs of defense for any claims by the Parent Indemnitees under Article VII, shall, following Closing, be returned to each of the Former Stockholders in the same proportions as initially deposited in the Representative Account. The Representative is hereby granted the authority to seek reimbursement from the Representative Account for its fees and costs, and to fund any costs of defense of any claims by the Parent Indemnitees under Article VII. In no event shall Parent or any Parent Indemnitees have any rights or recourse to the Representative Account, either for claims under Article VII or otherwise. In no event shall the Parent or Parent Indemnitees have any responsibility or obligation with respect to the Representative Account other than to deposit the \$2,000,000 referred to above therein.

(iii) From and after the Effective Time, the Former Stockholders hereby authorize the Representative (i) to take all action necessary in connection with the implementation of the

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Agreement on behalf of the Former Stockholders or the settlement of any dispute, including, without limitation, with regard to matters pertaining to the indemnification provisions of this Agreement and the Escrow Agreement, (ii) to give and receive all notices required to be given under the Agreement and the Escrow Agreement, and (iii) to take any and all additional action as is contemplated to be taken by or on behalf of the Former Stockholders by the terms of this Agreement and the Escrow Agreement.

(iv) If no Representative is ever appointed or if any Representative dies, becomes legally incapacitated or resigns from such position, another Person designated by the remaining Representatives, or if none remain, by the Former Stockholders holding the right to receive more than 50% in interest of the Escrow Cash (the "Requisite Former Stockholders"), who shall be identified to Parent as soon as practicable, shall fill such vacancy and shall be deemed to be the Representative for all purposes of this Agreement; provided, however, that no change in the Representative shall be effective until Parent is given written notice of such change. If no Representative is then currently serving, the Representative shall be deemed to be the Requisite Former Stockholders.

(v) All decisions and actions by the Representative as provided in this Section 1.11 or under the Escrow Agreement shall be binding upon all of the Former Stockholders, and no Former Stockholder shall have the right to object, dissent, protest or otherwise contest the same.

(vi) By their execution and/or approval of this Agreement and the Merger, the Company and its stockholders agree that:

(A) Parent shall be able to rely conclusively on the instructions and decisions of the Representative as to any actions required or permitted to be taken by the Representative hereunder and under the Escrow Agreement, and no party hereunder shall have any cause of action against Parent for any action taken by Parent in reliance upon the instructions or decisions of the Representative;

(B) all actions, decisions and instructions of the Representative shall be conclusive and binding upon all of the Former Stockholders and no Former Stockholder shall have any cause of action against the Representative for any action taken, decision made or instruction given by the Representative under this Agreement, the Escrow Agreement, except for fraud or willful breach of this Agreement by the Representative; and

(C) the provisions of this Section 1.11 are independent and severable, shall constitute an irrevocable power of attorney, coupled with an interest and surviving death, granted by the Former Stockholders to the Representative and shall be binding upon the executors, heirs, legal representatives and successors of each Former Stockholder.

(D) All fees and expenses, including, without limitation, all attorney's fees and expenses incurred in connection with defending or settling any claim by Parent under this Agreement, and any amounts under subsection (E) below, incurred by the Representative shall be paid by the Former Stockholders out of the Representative Account.

(E) In taking any action hereunder and under the Escrow Agreement, the Representative shall be protected in relying upon any notice, paper or other document reasonably believed by it to be genuine, or upon any evidence reasonably deemed by it, in its good faith judgment, to be sufficient; provided, however, that the Representative shall not waive any rights with respect to any individual Former Stockholder(s)' interest(s) if such waiver would have the effect of disproportionately and adversely affecting such individual Former Stockholders(s) as compared to the interests of the other Former Stockholders, without the prior consent of the affected Former Stockholder(s). The Representative shall not be liable to Parent or the Former Stockholders for any act performed or omitted to be performed by it in the good faith exercise of its duties and shall be liable only in the case of fraud or willful breach of this

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Agreement by the Representative. The Representative may consult with counsel in connection with its duties hereunder and shall be fully protected in any act taken, suffered or permitted by it in good faith in accordance with the advice of counsel. The Representative shall not be responsible for determining or verifying the authority of any person acting or purporting to act on behalf of any party to this Agreement. If the Representative requires liability errors and omissions insurance as a condition to accepting the role of Representative, the premium cost shall be reimbursed from the Representative Account. If the funds in the Representative Account have been exhausted, Representative may resign without liability to the Former Stockholders.

1.12 Notice to Holders of Derivative Securities. As promptly as practicable after the execution of this Agreement, the Company, after consultation with Parent, shall give the holders of Company Options and Company Warrants any required notices pursuant to the terms thereof.

1.13 Shares Subject to Appraisal Rights. (a) Notwithstanding any provisions of this Agreement to the contrary, Dissenting Shares (as hereinafter defined) shall not be entitled to receive their Per Share Merger Consideration and the holders thereof shall be entitled only to such rights as are granted by the CGCL. Each holder of Dissenting Shares who becomes entitled to payment for such shares pursuant to the CGCL shall receive payment therefor from the Surviving Corporation in accordance with the CGCL, provided, however, that (i) if any stockholder of the Company who asserts appraisal rights in connection with the Merger (a “Dissenter”) shall have failed to establish his entitlement to such rights as provided in the CGCL, or (ii) if any such Dissenter shall have effectively withdrawn his demand for payment for such shares or waived or lost his right to payment for his shares under the appraisal rights process under the CGCL, the shares of Company Common Stock held by such Dissenter shall be treated as if they had been converted, as of the Effective Time, into a right to receive the Per Share Merger Consideration (net of the pro rata amounts deposited in the Escrow Account and the Representative Account) as provided in Section 1.5, and the right to participate pro rata in distributions of any remaining amounts of Escrow Cash and amounts in the Representative Account. The Company shall give Parent prompt notice of any demands for payment received by the Company from a person asserting appraisal rights, and Parent shall have the right to participate in all negotiations and proceedings with respect to such demands. The Company shall not, except with the prior written consent of Parent, make any payment with respect to, or settle or offer to settle, any such demands.

(b) As used herein, “Dissenting Shares” means any shares of Company Common Stock held by stockholders of the Company who are entitled to appraisal rights under the CGCL, and who have properly exercised, perfected and not subsequently withdrawn or lost or waived their rights to demand payment with respect to their shares in accordance with the CGCL.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Subject to the exceptions and other disclosures set forth in a disclosure schedule of the Company to be delivered by the Company on or following execution of this Agreement pursuant to Section 5.23 (the “Company Schedule”), the Company hereby represents and warrants to Parent and Merger Sub, as follows:

2.1 Organization and Qualification. (a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California and has the requisite corporate power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted. The Company is in possession of all franchises, grants, authorizations, licenses, permits, easements, consents, certificates, approvals and orders (“Approvals”) necessary to own, lease and operate the properties it purports to own, operate or lease and to carry

on its business as it is now being conducted, except where the failure to have such Approvals would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. Complete and correct copies of the articles of incorporation and by-laws (collectively

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referred to herein as “Charter Documents”) of the Company, as amended and currently in effect, have been heretofore delivered to Parent or Parent’s counsel. The Company is not in violation of any of the provisions of the Company’s Charter Documents.

(b) The Company is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except for such failures to be so duly qualified or licensed and in good standing that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. Each jurisdiction in which the Company is so qualified or licensed is listed in Section 2.1 of the Company Schedule.

(c) The minute books of the Company contain true, complete and accurate records of all meetings and consents in lieu of meetings of its Board of Directors (and any committees thereof), similar governing bodies and stockholders (“Corporate Records”) since January 1, 2000. Copies of such Corporate Records of the Company have been heretofore made available to Parent or Parent’s counsel.

(d) The stock transfer, warrant and option transfer and ownership records of the Company contain true, complete and accurate records of the securities record ownership as of the date of such records and the transfers involving the capital stock and other securities of the Company since January 1, 2000. Copies of such records of the Company have been heretofore made available to Parent or Parent’s counsel.

2.2 Subsidiaries. (a) The Company has no subsidiaries. Except as set forth in Section 2.2(a) of the Company Schedule, the Company does not own, directly or indirectly, any ownership, equity, profits or voting interest in any Person or have any agreement or commitment to purchase any such interest, and has not agreed and is not obligated to make nor is bound by any written, oral or other agreement, contract, subcontract, lease, binding understanding, instrument, note, option, warranty, purchase order, license, sublicense, insurance policy, benefit plan, commitment or undertaking of any nature, as of the date hereof or as may hereafter be in effect under which it may become obligated to make, any future investment in or capital contribution to any other entity.

2.3 Capitalization. (a) The authorized capital stock of the Company consists of 50,000,000 shares of Common Stock, no par value per share, of which there were 10,639,004 shares issued and outstanding as of March 8, 2006 and 30,000,000 shares of Preferred Stock, no par value per share. Of the authorized Preferred Stock: 3,150,000 shares have been designated Series A Preferred Stock, 3,000,000 of which shares are issued and outstanding; 2,625,993 shares have been designated Series B Preferred Stock, 2,250,053 of which shares are issued and outstanding; 7,552,524 shares have been designated Series C Preferred Stock, 7,415,206 of which shares are issued and outstanding; 11,671,483 shares have been designated Series D Preferred Stock, 9,998,905 of which shares are issued and outstanding; and 4,000,000 shares have been designated Series E Preferred Stock, 2,482,726 of which shares are issued and outstanding. No other shares of Preferred Stock are issued or outstanding. No shares of capital stock are held in the Company’s treasury. All outstanding shares of Company Common Stock and Company Preferred Stock are duly authorized, validly issued, fully paid and non-assessable and are not subject to preemptive rights created by

statute, the Charter Documents of Company or any agreement or document to which the Company is a party or by which it is bound, and were issued in compliance with all applicable federal and state securities laws. As of March 8, 2006, the Company had reserved an aggregate of 7,029,941 shares of Common Stock (net of exercises) for issuance to employees, consultants and non-employee directors pursuant to the Company Stock Option Plans, under which options were outstanding for an aggregate of 5,998,839 shares. All shares of Company Common Stock subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, would be duly authorized, validly issued, fully paid and non-assessable. Section 2.3(a) of the Company Schedule lists each holder of Company Common Stock and Company Preferred Stock, each outstanding option (the “Company Options”) and each outstanding warrant (“Company Warrants”) to acquire shares of Company Common Stock or Company Preferred Stock, as applicable, the name of the holder of such option or

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warrant, the number of shares subject to such option or warrant, the exercise price of such option or warrant, the number of shares as to which such option or warrant will have vested at such date, the vesting schedule and termination date of such option or warrant and whether the exercisability of such option or warrant will be accelerated in any way by the transactions contemplated by this Agreement or for any other reason, indicating the extent of acceleration, if any. The Company has no obligation (contingent or otherwise) to pay any dividend with respect to any shares of Company Capital Stock or to make any other distribution in respect thereof. The Company has delivered to Parent or Parent’s Counsel true and accurate copies of the forms of documents used for the issuance of Company Stock Options and Company Warrants.

(b) Except as contemplated by this Agreement and except as set forth in Section 2.3(a) hereof, there are no subscriptions, options, warrants, equity securities, partnership interests or similar ownership interests, calls, rights (including preemptive rights), commitments or agreements of any character to which the Company is a party or by which it is bound obligating the Company to issue, deliver or sell, or cause to be issued, delivered or sold, or repurchase, redeem or otherwise acquire, or cause the repurchase, redemption or acquisition of, any shares of capital stock, partnership interests or similar ownership interests of the Company or obligating the Company to grant, extend, accelerate the vesting of or enter into any such subscription, option, warrant, equity security, call, right, commitment or agreement.

(c) Except as contemplated by this Agreement and except as set forth on Section 2.3(c) of the Company Schedule, there are no registration rights, and there is no voting trust, proxy, rights plan, anti-takeover plan or other agreement or understanding to which the Company is a party or by which the Company is bound with respect to any equity security of any class of the Company.

2.4 Authority Relative to this Agreement. The Company has all necessary corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby (including the Merger). The execution and delivery of this Agreement and the consummation by the Company of the transactions contemplated hereby (including the Merger), will upon approval by the Company’s stockholders, be duly and validly authorized by all necessary corporate action on the part of the Company (including the approval by its Board of Directors), subject in all cases to the satisfaction of the terms and conditions of this Agreement, including the conditions set forth in Article VI), and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the transactions contemplated hereby pursuant to the CGCL and the terms and conditions of this Agreement. This Agreement has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery thereof by the other parties

hereto, constitutes the legal and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

2.5 No Conflict; Required Filings and Consents. (a) The execution and delivery of this Agreement by the Company do not, and the performance of this Agreement by the Company shall not, (i) conflict with or violate the Company's Charter Documents, (ii) subject to obtaining the approval of this Agreement and the Merger by the stockholders of the Company, conflict with or violate any Legal Requirements (as defined in Section 10.2(b)), (iii) except as set forth in Section 2.5 of the Company Schedule, result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or materially impair the Company's rights or alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the properties or assets of the Company pursuant to, any Material Company Contracts or (iv) except as set forth in Section 2.5 of the Company Schedule, result in the triggering, acceleration or increase of any payment to any Person pursuant to any Material Company Contract, including any "change in control" or similar provision of any Material Company Contract.

(b) The execution and delivery of this Agreement by the Company does not, and the performance of its obligations hereunder will not, require any consent, approval, authorization or

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permit of, or filing with or notification to, any Governmental Entity, except (i) (ii) for the filing of any notifications required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") and the expiration of the required waiting period thereunder, and (ii) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, or prevent consummation of the Merger or otherwise prevent the Company from performing its obligations under this Agreement.

2.6 Compliance. The Company has complied with, and is not in violation of, any Legal Requirements with respect to the conduct of its business, or the ownership or operation of its business. Except as set forth in Section 2.6 of the Company Schedule, no written notice of non-compliance with any Legal Requirements has been received by the Company (and the Company has no knowledge of any such notice delivered to any other Person). The Company is not in violation of any term of any Material Company Contract.

2.7 Financial Statements. (a) The Company has provided to Parent a correct and complete copy of the audited consolidated financial statements (including any related notes thereto) of the Company for the fiscal years ended June 28, 2005, June 29, 2004 and June 24, 2003 (the "Audited Financial Statements"). The Audited Financial Statements were prepared in accordance with generally accepted accounting principles of the United States ("U.S. GAAP") applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto), and each fairly presents in all material respects the financial position of the Company at the respective dates thereof and the results of its operations and cash flows for the periods indicated in accordance with U.S. GAAP.

(b) Company has provided to Parent a correct and complete copy of the unaudited consolidated financial statements (including, in each case, any related notes thereto) of the Company through January 10, 2006 (the "Unaudited Financial Statements"). The Unaudited Financial Statements comply as to form in all material respects, and were prepared in accordance with, U.S. GAAP applied on a consistent basis throughout the periods involved (except as may be

indicated in the notes thereto), and fairly present in all material respects the financial position of the Company at the date thereof and the results of its operations and cash flows for the period indicated in accordance with U.S. GAAP, except that such statements do not contain notes and are subject to normal adjustments that are not expected to have a Material Adverse Effect on the Company.

(c) Since January 1, 2000, the books of account, minute books, stock certificate books and stock transfer ledgers and other similar books and records of the Company have been maintained in accordance with good business practice, are complete and correct in all material respects and there have been no material transactions that are required to be set forth therein and which are not so set forth.

(d) Except as otherwise noted in the Audited Financial Statements or the Unaudited Financial Statements, or as set forth in Section 2.7(d) of the Company Schedule, the accounts and notes receivable of the Company reflected on the balance sheets included in the Audited Financial Statements and the Unaudited Financial Statements (i) arose from bona fide transactions in the ordinary course of business and are payable on ordinary trade terms, (ii) are legal, valid and binding obligations of the respective debtors enforceable in accordance with their terms, except as such may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally, and by general equitable principles, (iii) are not subject to any valid set-off or counterclaim except to the extent set forth in such balance sheet contained therein, and (iv) except as set forth in Section 2.7(d) of the Company Schedule, are not the subject of any actions or proceedings brought by or on behalf of the Company.

(e) To the knowledge of the Company, the Company has established adequate internal controls for a privately held company for purposes of preparing the Company's periodic financial statements.

2.8 No Undisclosed Liabilities. Except as set forth in Section 2.8 of the Company Schedule, to the knowledge of the Company, the Company has no liabilities (absolute, accrued, contingent or

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otherwise) of a nature required to be disclosed on a balance sheet which are, individually or in the aggregate, material to the business, results of operations or financial condition of the Company, except: liabilities provided for in or otherwise disclosed in the balance sheet included in the Unaudited Financial Statements, and (ii) such liabilities arising in the ordinary course of the Company's business since January 10, 2006, none of which would have a Material Adverse Effect on the Company.

2.9 Absence of Certain Changes or Events. Except as set forth in Section 2.9 of the Company Schedule or in the Unaudited Financial Statements, or as otherwise provided in this Agreement, since January 10, 2006, there has not been: (i) any Material Adverse Effect on the Company, (ii) any declaration, setting aside or payment of any dividend on, or other distribution (whether in cash, stock or property) in respect of, any of the Company's stock, or any purchase, redemption or other acquisition by the Company of any of the Company's capital stock or any other securities of the Company or any options, warrants, calls or rights to acquire any such shares or other securities, (iii) any split, combination or reclassification of any of the Company's capital stock, (iv) any granting by the Company of any increase in compensation or fringe benefits, except for normal increases of cash compensation in the ordinary course of business consistent with past practice, or any payment by the Company of any bonus, except for bonuses made in the ordinary course of business consistent with past practice, or any granting by the Company of any increase in severance or termination pay or any entry by Company into any currently effective employment, severance, termination or indemnification agreement or any agreement the benefits of which are contingent or the terms of which

are materially altered upon the occurrence of a transaction involving the Company of the nature contemplated hereby, (v) entry by the Company into any licensing or other agreement with regard to the acquisition or disposition of any Intellectual Property (as defined in Section 2.18 hereof) other than licenses in the ordinary course of business consistent with past practice or any amendment or consent with respect to any licensing agreement filed or required to be filed by the Company with respect to any Governmental Entity, (vi) any material change by the Company in its accounting methods, principles or practices, (vii) any change in the auditors of the Company, (viii) any issuance of capital stock of the Company, other than pursuant to the Company's Stock Option Plans in the ordinary course, (ix) any revaluation by the Company of any of its assets, including, without limitation, writing down the value of capitalized inventory or writing off notes or accounts receivable or any sale of assets of the Company other than in the ordinary course of business, or (x) any agreement, whether written or oral, to do any of the foregoing.

2.10 Litigation. Except as disclosed in Section 2.10 of the Company Schedule, there are no claims, suits, actions or proceedings pending which have been served on the Company, or, to the knowledge of the Company, otherwise pending or threatened against the Company before any court, governmental department, commission, agency, instrumentality or authority, or any arbitrator that seeks to restrain or enjoin the consummation of the transactions contemplated by this Agreement.

2.11 Employee Benefit Plans and Compensation. (a) Definitions. With the exception of the definition of "Affiliate" set forth in Section 2.11(a) below (which definition shall apply only to this Section 2.11(a)), for purposes of this Agreement, the following terms shall have the following respective meanings:

"Affiliate" shall mean any other person or entity under common control with the Company within the meaning of Section 414(b), (c), (m) or (o) of the Code and the regulations issued thereunder.

"Company Employee Plan" shall mean any plan, program, policy, practice, contract, agreement or other arrangement providing for compensation, severance, termination pay, deferred compensation, performance awards, stock or stock-related awards, fringe benefits or other employee benefits or remuneration of any kind, whether written, unwritten or otherwise, funded or unfunded, including without limitation, each "employee benefit plan," within the meaning of Section 3(3) of ERISA which is or has been maintained, contributed to, or required to be contributed to, by the Company or any Affiliate for the benefit of any Employee, or with respect to which the Company or any Affiliate has or may have any liability or obligation and any International Employee Plan.

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"COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"DOL" shall mean the United States Department of Labor.

"Employee" shall mean any current, former or rehired employee, consultant, officer or director of the Company or any Affiliate.

"Employee Agreement" shall mean each employment, consulting or similar agreement not terminable at will by the Company, each agreement providing for severance, relocation, repatriation, expatriation or similar agreement (including, without limitation, any offer letter or any agreement providing for acceleration of Company Stock Options) between the Company or any Affiliate and any Employee.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“FMLA” shall mean the Family Medical Leave Act of 1993, as amended.

“HIPAA” shall mean the Health Insurance Portability and Accountability Act of 1996, as amended.

“International Employee Plan” shall mean each Company Employee Plan or Employee Agreement that has been adopted or maintained by the Company or any Affiliate, whether formally or informally or with respect to which the Company or any Affiliate will or may have any liability with respect to Employees who perform services outside the United States.

“IRS” shall mean the United States Internal Revenue Service.

“PBGC” shall mean the United States Pension Benefit Guaranty Corporation.

“Pension Plan” shall mean each Company Employee Plan that is an “employee pension benefit plan,” within the meaning of Section 3(2) of ERISA.

(b) Section 2.11(b) of the Company Schedule sets forth a complete and accurate list of each Company Employee Plan and Employee Agreement. The Company has not made any plan or commitment to establish any new Company Employee Plan or Employee Agreement, to modify any Company Employee Plan or Employee Agreement (except to the extent required by law or to conform any such Company Employee Plan or Employee Agreement to the requirements of any applicable law, or as required by this Agreement), or to enter into any Company Employee Plan or Employee Agreement, nor does it have any intention or commitment to do any of the foregoing. The Company has previously made available to Parent a true and complete table setting forth the name, position and salary of each employee of the Company.

(c) Documents. The Company has provided to Parent: (i) correct and complete copies of all documents embodying each Company Employee Plan and each Employee Agreement including, without limitation, all amendments thereto and written interpretations thereof and all related trust documents; (ii) the five (5) most recent annual reports (Form Series 5500 and all schedules and financial statements attached thereto), if any, filed under ERISA or the Code in connection with each Company Employee Plan; (iii) if the Company Employee Plan is funded, the most recent annual and periodic accounting of Company Employee Plan assets; (iv) the most recent summary plan description together with the summary(ies) of material modifications thereto, if any, required under ERISA with respect to each Company Employee Plan; (v) all material written agreements and contracts relating to each Company Employee Plan, including, without limitation, administrative service agreements and group insurance contracts; (vi) all communications from the Company within the prior three (3) years material to any Employee or Employees relating to any Company Employee Plan and any proposed Company Employee Plan, in each case, relating to any amendments, terminations, establishments, increases or decreases in benefits, acceleration of payments or vesting schedules or other events which would result in any liability to the Company; (vii) all correspondence to or from any governmental agency relating to any Company Employee Plan received by the Company within the prior three (3) years; (viii) all COBRA forms and related notices; (ix) all policies pertaining to fiduciary liability insurance covering the fiduciaries for each Company Employee Plan; (x) all discrimination tests for

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each Company Employee Plan for the three (3) most recent plan years; (xi) the most recent registration statements, annual reports (Form 11-K and all attachments thereto) and prospectuses prepared in connection with each Company Employee Plan; and (xii) the most recent IRS determination or opinion letter issued with respect to each Company Employee Plan.

(d) **Employee Plan Compliance.** The Company has performed all obligations required to be performed by it under, is not in default or violation of, and has no knowledge of any default or violation by any other party to, any Company Employee Plan, and each Company Employee Plan has been established and maintained in accordance with its terms and in compliance with all applicable laws, statutes, orders, rules and regulations, including but not limited to ERISA or the Code. Any Company Employee Plan intended to be qualified under Section 401(a) of the Code and any trust intended to qualify under Section 501(a) of the Code has obtained a favorable determination letter (or opinion letter, if applicable) as to its qualified status under the Code. No “prohibited transaction,” within the meaning of Section 4975 of the Code or Sections 406 and 407 of ERISA, and not otherwise exempt under Section 408 of ERISA, has occurred with respect to any Company Employee Plan. There are no actions, suits or claims pending which have been served on the Company or, to the knowledge of the Company, otherwise pending or threatened or reasonably anticipated (other than routine claims for benefits) against any Company Employee Plan or against the assets of any Company Employee Plan. Each Company Employee Plan can be amended, terminated or otherwise discontinued after the Effective Time in accordance with its terms, without liability to Parent, the Company or any Affiliate (other than accrued benefits and ordinary administration expenses). There are no audits, inquiries or proceedings pending or, to the knowledge of the Company or any Affiliates, threatened by the IRS, DOL, or any other Governmental Entity with respect to any Company Employee Plan. Neither the Company nor any Affiliate is subject to any penalty or tax with respect to any Company Employee Plan under Section 402(i) of ERISA or Sections 4975 through 4980 of the Code. The Company has made all contributions and other payments required by and due under the terms of each Company Employee Plan.

(e) **No Pension Plan.** Neither the Company nor any Affiliate has ever maintained, established, sponsored, participated in, or contributed to, any Pension Plan that is subject to Title IV of ERISA or Section 412 of the Code.

(f) **No Self-Insured Plan.** Neither the Company nor any Affiliate has ever maintained, established sponsored, participated in or contributed to any self-insured plan that provides healthcare, life, disability or other welfare benefits to employees (including, without limitation, any such plan pursuant to which a stop-loss policy or contract applies).

(g) **Collectively Bargained, Multiemployer and Multiple-Employer Plan.** At no time has the Company or any Affiliate contributed to or been obligated to contribute to any Multiemployer Plan. Neither the Company nor any Affiliate has at any time ever maintained, established, sponsored, participated in or contributed to any multiple employer plan or to any plan described in Section 413 of the Code.

(h) **No Post-Employment Obligations.** No Company Employee Plan or Employment Arrangement provides, or reflects or represents any liability to provide, retiree life insurance, retiree health or other retiree employee welfare benefits to any person for any reason, except as may be required by COBRA or other applicable statute, and the Company has not represented, promised or contracted (whether in oral or written form) to any Employee (either individually or to Employees as a group) or any other person that such Employee(s) or other person would be provided with retiree life insurance, retiree health or other retiree employee welfare benefits, except to the extent required by statute.

(i) **COBRA; FMLA; HIPAA.** The Company and each Affiliate has, prior to the Effective Time, complied with COBRA, FMLA, HIPAA, the Women’s Health and Cancer Rights Act of 1998, the Newborns’ and Mothers’ Health Protection Act of 1996, and any similar provisions of state law applicable to its Employees in all material respects. The Company does not have unsatisfied obligations to any Employees or qualified beneficiaries pursuant to COBRA, HIPAA or any state law governing health care coverage or extension.

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(j) Effect of Transaction. The execution of this Agreement and the consummation of the transactions contemplated hereby will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under any Company Employee Plan, Employee Agreement, trust or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits or be deemed a “parachute payment” under Section 280G of the Code with respect to any Employee,.

(k) Employment Matters. The Company: (i) is in compliance with all applicable foreign, federal, state and local laws, rules and regulations respecting employment, employment practices, terms and conditions of employment, termination of employment, employee safety and wages and hours, and in each case, with respect to Employees; (ii) has withheld and reported all amounts required by law or by agreement to be withheld and reported with respect to wages, salaries and other payments to Employees; (iii) is not liable for any arrears of wages, severance pay or any taxes or any penalty for failure to comply with any of the foregoing; and (iv) is not liable for any payment to any trust or other fund governed by or maintained by or on behalf of any governmental authority, with respect to unemployment compensation benefits, social security or other benefits or obligations for Employees (other than routine payments to be made in the normal course of business and consistent with past practice). There are no action, suits, claims or administrative matters pending which have been served on the Company, or to the Company’s knowledge, otherwise pending or threatened or reasonably anticipated against the Company or any of its Employees relating to any Employee, Employee Agreement or Company Employee Plan. There are no pending, which have been served on the Company, or to the Company’s knowledge, otherwise pending or threatened or reasonably anticipated claims or actions against Company, any Company trustee under any worker’s compensation policy. To the Company’s knowledge, no employee of the Company has violated any employment contract, nondisclosure agreement, non-competition or non-solicitation agreement by which such employee is bound due to such employee being employed by the Company and disclosing to the Company or using trade secrets or proprietary information of any other person or entity. The services provided by each of the Company’s and its Affiliate’s Employees is terminable at the will of the Company and its Affiliates and any such termination would result in no liability to the Company or any Affiliate.

(l) No Interference or Conflict. To the knowledge of the Company, no officer, Employee or consultant of the Company is obligated under any contract or agreement, subject to any judgment, decree, or order of any court or administrative agency that would interfere with such person’s efforts to promote the interests of the Company or that would interfere with the Company’s business. Neither the execution nor delivery of this Agreement, nor the carrying on of the Company’s business as presently conducted or proposed to be conducted nor any activity of such officers, Employees or consultants in connection with the carrying on of the Company’s business as presently conducted or currently proposed to be conducted will, to the knowledge of the Company, conflict with or result in a breach of the terms, conditions, or provisions of, or constitute a default under, any contract or agreement under which any of such officers, Employees, or consultants is now bound.

(m) International Employee Plan. Neither the Company nor any Affiliate currently or has it ever had the obligation to maintain, establish, sponsor, participate in, be bound by or contribute to any International Employee Plan.

2.12 Labor Matters. The Company is not a party to any collective bargaining agreement or other labor union contract applicable to persons employed by the Company nor does the Company know of any activities or proceedings of any labor union to organize any such employees.

2.13 Restrictions on Business Activities. Except as disclosed in Section 2.13 of the Company Schedule, to the Company's knowledge, there is no agreement, commitment, judgment, injunction, order or decree binding upon the Company or its assets or to which the Company is a party which has or could reasonably be expected to have the effect of prohibiting or materially impairing any business practice of the Company, any acquisition of property by the Company or the conduct of business by Company as currently conducted.

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2.14 Title to Properties; Absence of Liens and Encumbrances.

(a) Real Property Owned or Leased by the Company.

(i) Franchised Property. Section 2.14(a)(i) of the Company Schedule lists each parcel of real property currently owned, leased, subleased or licensed by the Company and leased or subleased, as the case may be, to a franchisee, in each case, with the store ID and address (the "Franchised Property").

(ii) Company-Operated Stores. Section 2.14(a)(ii) of the Company Schedule lists each company-operated store, together, in each case, with the store ID, address and designation as owned or leased (the "Company-Operated Stores").

(iii) Other Real Property. Section 2.14(a)(iii) of the Company Schedule lists each surplus or vacant parcel of real property currently owned, leased, subleased or licensed by the Company, which, together with that certain lease agreement with respect to the property located at 1700 17th Street, San Francisco, California (the "Headquarters Lease"), constitutes all real property owned, leased, subleased or licensed by the Company and not listed in Sections 2.14(a)(i) or 2.14(a)(ii) of the Company Schedule (the "Other Real Property").

(b) Owned Real Property. Set forth in Section 2.14(b) of the Company Schedule hereto is a complete list of all real property and interests in real property owned in fee simple by the Company (the "Owned Real Property"). The Company has good, valid and marketable fee simple title to the Owned Real Property.

(c) Real Property. For purposes of this Agreement, "Real Property" shall mean the Franchised Property, the Company-Operated Stores and the Other Real Property. All of the land, buildings, structures and other improvements used by the Company in the conduct of its business are included in the Real Property.

(d) Leases. True, correct and complete copies of all leases, subleases or licenses for each parcel of real property currently leased, subleased or licensed by the Company (the "Leased Real Property"), together with any assignments, guaranties or amendments thereto (collectively, the "Lease Documents") have been delivered or made available to Parent. All such current leases, subleases and licenses are in full force and effect, are valid and effective in accordance with their respective terms, and there is not, under any of such leases, to the knowledge of the Company, any existing default or event of default (or event which, with notice or lapse of time, or both, would constitute a default) by the Company or by the other party to such lease, sublease or license.

(e) Liens. Except as disclosed in Sections 2.14(a)(i), 2.14(a)(ii), 2.14(a)(iii) or 2.14(b) of the Company Schedule, the Company owns or has valid leasehold fee interests in its properties and assets (other than assets disposed of in the ordinary course of business since January 10, 2006, free and clear of all encumbrances created by the Company. Except as set forth on Section 2.14(a)(iii) of the Company Schedule, the Company is not a party to or obligated under any option, right of first refusal or other contractual right to sell, dispose of or lease any of the Real Property or any

portion thereof or interest therein to any Person (other than pursuant to this Agreement). The Company is not a party to any agreement or option to purchase any real property or interest therein other than options for renewal of Leased Real Property for the benefit of the Company.

(f) Entire Interest. Except as set forth in Section 2.14(f)(i) of the Company Schedule, the Company has not leased or otherwise granted to any Person (other than pursuant to this Agreement) any right to occupy or possess or otherwise encumber any portion of the Real Property other than in the ordinary course of business. Except as set forth in Section 2.14(f)(ii) of the Company Schedule, the Company has not vacated or abandoned any portion of the Real Property or given notice to any third party of their intent to do the same.

(g) Condemnation. Except as set forth in Section 2.14(g) of the Company Schedule, the Company has not received written notice of an expropriation or condemnation proceeding pending, threatened or proposed against the Real Property.

2.15 Taxes. (a) Definition of Taxes. For the purposes of this Agreement, “Tax” or “Taxes” refers to any and all federal, state, local and foreign taxes, including, without limitation, gross receipts,

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income, profits, sales, use, occupation, value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes, assessments, governmental charges and duties together with all interest, penalties and additions imposed with respect to any such amounts and any obligations under any agreements or arrangements with any other person with respect to any such amounts and including any liability of a predecessor entity for any such amounts.

(b) Tax Returns and Audits. Except as set forth in Section 2.15 of the Company Schedule:

(i) The Company has timely filed all federal, state, local and foreign returns, estimates, information statements and reports relating to Taxes (“Returns”) required to be filed by the Company with any Tax authority prior to the date hereof, except such Returns which are not material to Company. To the Company’s knowledge, all such Returns are true, correct and complete in all material respects. The Company has paid all Taxes shown to be due on such Returns. The Company is not a “United States real property holding corporation,” as defined in section 897 of the Internal Revenue Code of 1986, as amended, and Section 1.897-2(b) of the regulations promulgated thereunder.

(ii) All Taxes that the Company is required by law to withhold or collect have been duly withheld or collected, and have been timely paid over to the proper governmental authorities to the extent due and payable.

(iii) The Company is not delinquent in the payment of any material Tax nor is there any material Tax deficiency outstanding, proposed or assessed against the Company, nor has the Company executed any unexpired waiver of any statute of limitations on or extending the period for the assessment or collection of any Tax.

(iv) To the Company’s knowledge, no audit or other examination of any Return of the Company by any Tax authority is presently in progress. The Company has not been notified of any request for such an audit or other examination.

(v) No adjustment relating to any Returns filed by the Company has been proposed in writing, formally or informally, by any Tax authority to the Company or any representative thereof.

(vi) The Company has no liability for any material unpaid Taxes which have not been accrued for or reserved on the Company's balance sheets included in the Audited Financial Statements or the Unaudited Financial Statements, whether asserted or unasserted, contingent or otherwise, which is material to the Company, other than any liability for unpaid Taxes that may have accrued since the end of the most recent fiscal year in connection with the operation of the business of the Company in the ordinary course of business.

(vii) The Company has not taken any action and does not know of any fact, agreement, plan or other circumstance that is reasonably likely to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

2.16 Environmental Matters. (a) Except as disclosed in Section 2.16 of the Company Schedule: (i) the Company has complied with all applicable Environmental Laws; (ii) the properties currently operated by the Company (including soils, groundwater, surface water, buildings or other structures) have not been contaminated with any Hazardous Substances by any action of the Company; (iii) the properties formerly owned by the Company were not contaminated with Hazardous Substances during the period of ownership or operation by the Company or, to the Company's knowledge, during any prior period; (iv) the Company is not subject to liability for any Hazardous Substance disposal or contamination on any third party property; (v) the Company has not been associated with any release of any Hazardous Substance; (vi) the Company has not received any notice, demand, letter, claim or request for information alleging that the Company may be in violation of or liable under any Environmental Law; and (vii) the Company is not subject to any orders, decrees, injunctions or other arrangements with any Governmental Entity or subject to any indemnity or other agreement with any third party relating to liability under any Environmental Law or relating to Hazardous Substances.

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(b) As used in this Agreement, the term "Environmental Law" means any federal, state, local or foreign law, regulation, order, decree, permit, authorization, opinion, common law or agency requirement relating to: (A) the protection, investigation or restoration of the environment, health and safety, or natural resources; (B) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance or (C) noise, odor, wetlands, pollution, contamination or any injury or threat of injury to persons or property.

(c) As used in this Agreement, the term "Hazardous Substance" means any substance that is: (i) listed, classified or regulated pursuant to any Environmental Law; (ii) any petroleum product or by-product, asbestos-containing material, lead-containing paint or plumbing, polychlorinated biphenyls, radioactive materials or radon; or (iii) any other substance which is the subject of regulatory action by any Governmental Entity pursuant to any Environmental Law. The Company, and, to the knowledge of the Company, each other Person that operates the Properties and the Leased Real Property, has obtained all permits, licenses, franchises, authorities, consents and approvals, and has made all material filings and maintained all material data, documentation and records necessary for owning and operating the Properties and the Leased Real Property under any applicable Environmental Law, and all such permits, licenses, franchises, authorities, consents, approvals and filings remain in full force and effect.

(d) There are no pending which have been served on the Company or, to the knowledge of the Company, otherwise pending or threatened claims, demands, actions, administrative proceedings, lawsuits or inquiries relating to (i) the

Properties and the Leased Real Property under Environmental Law, or (ii) the restoration, remediation or reclamation of any Properties or Leased Real Property, except as set forth on Section 2.16 of the Company Schedule.

(e) Except as set forth on Section 2.16 of the Company Schedule, there are no environmental investigations, studies or audits with respect to any of the Properties or Leased Real Property owned or commissioned by, or in the possession of, the Company.

2.17 Brokers; Third Party Expenses. Except as set forth in Section 2.17 of the Company Schedule, the Company has not incurred, nor will it incur, directly or indirectly, any liability for brokerage, finders' fees, agent's commissions or any similar charges in connection with this Agreement or any transactions contemplated hereby. No shares of common stock, options, warrants or other securities of the Company are payable to any third party by Company as a result of the Merger.

2.18 Intellectual Property. For the purposes of this Agreement, the following terms have the following definitions:

“Intellectual Property” shall mean any or all of the following and all worldwide common law and statutory rights in, arising out of, or associated therewith: (i) patents and applications therefor and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof (“Patents”); (ii) inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know how, technology, technical data and customer lists, and all documentation relating to any of the foregoing; (iii) copyrights, copyrights registrations and applications therefor, and all other rights corresponding thereto throughout the world; (iv) software and software programs; (v) domain names, uniform resource locators and other names and locators associated with the Internet; (vi) industrial designs and any registrations and applications therefor; (vii) trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications therefor (collectively, “Trademarks”); (viii) all databases and data collections and all rights therein; (ix) all moral and economic rights of authors and inventors, however denominated, and (x) any similar or equivalent rights to any of the foregoing (as applicable).

“Company Intellectual Property” shall mean any Intellectual Property that is owned by, or exclusively licensed to, Company, including software and software programs developed by or exclusively licensed to the Company (specifically excluding any off the shelf or shrink-wrap software).

“Registered Intellectual Property” means all Intellectual Property that is the subject of an application, certificate, filing, registration or other document issued, filed with, or recorded by any private, state, government or other legal authority.

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“Company Registered Intellectual Property” means all of the Registered Intellectual Property owned by, or filed in the name of, Company.

“Company Products” means all current versions of products of the Company.

(a) Except as disclosed on Section 2.18 of the Company Schedule, no Company Intellectual Property or Company Product is subject to any material proceeding or outstanding decree, order, judgment, contract, license, agreement or stipulation which has been served on the Company, or to the Company's knowledge, otherwise pending, restricting in

any manner the use, transfer or licensing thereof by the Company, or which may affect the validity, use or enforceability of such Company Intellectual Property or Company Product.

(b) Except as disclosed on Section 2.18 of the Company Schedule, the Company owns and has good and marketable title to each material item of Company Intellectual Property owned by it free and clear of any liens and encumbrances (excluding non-exclusive licenses and related restrictions granted by it in the ordinary course of business); and the Company is the exclusive owner of all material registered Trademarks used in connection with the operation or conduct of the business of the Company as now conducted, including the sale of any products or the provision of any services by the Company.

(c) To the Company's knowledge, the operation of the business of the Company as such business currently is conducted, including (i) the design, development, manufacture, distribution, reproduction, marketing or sale of the Company Products and (ii) the Company's use of any product, device or process has not and does not infringe or misappropriate the Intellectual Property of any third party or constitute unfair competition or trade practices under the laws of any jurisdiction.

2.19 Agreements, Contracts and Commitments. (a) Section 2.19 of the Company Schedule sets forth a complete and accurate list of all Material Company Contracts (as hereinafter defined), specifying the parties thereto. For purposes of this Agreement, (i) the term "Company Contracts" shall mean all contracts, agreements, leases, mortgages, indentures, notes, bonds, franchises, purchase orders, sales orders, and other understandings, commitments and obligations of any kind, whether written or oral, to which the Company is a party or by or to which any of the properties or assets of Company may be bound, subject or affected (including without limitation notes or other instruments payable to the Company), (ii) the term "Routine Operating Contracts" shall mean retail store leases, operating agreements, distribution agreements and other similar agreements routinely used in the day to day operations of the Company, and (iii) the term "Material Company Contracts" shall mean (x) each Company Contract that is not a Routine Operating Contract and (I) which provides for payments (present or future) to the Company in excess of \$175,000 in the aggregate or (II) under which or in respect of which the Company presently has any liability or obligation of any nature whatsoever (absolute, contingent or otherwise) in excess of \$175,000, and (y) without limitation of subclause (x), each of the following Company Contracts (but excluding in every case Routine Operating Contracts), the relevant terms of which remain executory:

(i) any mortgage, indenture, note, installment obligation or other instrument, agreement or arrangement for or relating to any borrowing of money by the Company in excess of \$100,000;

(ii) any mortgage, indenture, note, installment obligation or other instrument, agreement or arrangement for or relating to any borrowing of money from the Company by any officer, director or stockholder ("Insider") of the Company;

(iii) any guaranty, direct or indirect, by the Company or any Insider of the Company of any obligation for borrowings, or otherwise, excluding endorsements made for collection in the ordinary course of business;

(iv) any Company Contract of employment other than for at-will employment;

(v) any Company Contract made other than in the ordinary course of business or (x) providing for the grant of any preferential rights to purchase or lease any asset of the Company or (y) providing for any right (exclusive or non-exclusive) to sell or distribute, or otherwise relating to the sale or distribution of, any product or service of the Company;

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(vi) any obligation to register any shares of the capital stock or other securities of the Company with any Governmental Entity;

(vii) any obligation to make payments, contingent or otherwise, arising out of the prior acquisition of the business, assets or stock of other Persons;

(viii) any collective bargaining agreement with any labor union;

(ix) any lease or similar arrangement for the use by the Company of personal property (other than leases of vehicles, office equipment or operating equipment where the annual lease payments are less than \$100,000 in the aggregate); and

(x) any Company Contract to which any Insider of the Company is a party.

(b) Each Company Contract was entered into at arms' length and in the ordinary course, is in full force and effect and is valid and binding upon and enforceable against each of the parties thereto. True, correct and complete copies of all Material Company Contracts (or written summaries in the case of oral Material Company Contracts) have been heretofore made available to Parent or Parent's counsel.

(c) Except as set forth in Section 2.19 of the Company Schedule, neither the Company nor, to the Company's knowledge, any other party thereto is in breach of or in default under, and no event has occurred which with notice or lapse of time or both would become a breach of or default under, any Material Company Contract. No party to any Company Contract has given any written notice of any claim of any breach, default or event, which, with notice or lapse of time or both would become a breach of or default under, any Material Company Contract. Each Material Company Contract to which the Company is a party or by which it is bound that has not expired by its terms is in full force and effect.

2.20 Insurance. (a) Section 2.20(a) of the Company Schedule sets forth each insurance policy (including fire, theft, casualty, general liability, workers compensation, business interruption, environmental, product liability and automobile insurance policies and bond and surety arrangements) to which the Company is a party (the "Insurance Policies"). The Insurance Policies are in full force and effect, maintained with reputable companies against loss relating to the business, operations and properties and such other risks as reasonably determined by the Company's Board of Directors. All premiums due and payable under the Insurance Policies have been paid on a timely basis and the Company is in compliance in all material respects with all other terms thereof. True, complete and correct copies of the Insurance Policies have been made available to Parent.

(b) There are no claims pending as to which coverage has been questioned, denied or disputed. All claims thereunder have been filed in a due and timely fashion and the Company has not been refused insurance for which it has applied or had any policy of insurance terminated (other than at its request), nor has the Company received notice from any insurance carrier that: (i) such insurance will be canceled or that coverage thereunder will be reduced or eliminated; or (ii) premium costs with respect to such insurance will be increased, other than premium increases in the ordinary course of business applicable on their terms to all holders of similar policies.

2.21 Governmental Actions/Filings. Except as set forth in Section 2.21 of the Company Schedule, to the Company's knowledge, the Company has been granted and holds, and has made, all Governmental Actions/Filings (including, without limitation, the Governmental Actions/Filings required for the manufacture and sale of all products manufactured and sold by it) necessary to the conduct by the Company of its business (as presently conducted and as

presently proposed to be conducted by it) or used or held for use by the Company. Each such Governmental Action/Filing is in full force and effect, and the Company is in substantial compliance with all of its obligations with respect thereto. To the Company's knowledge, no event has occurred and is continuing which requires or permits, or after notice or lapse of time or both would require or permit, and consummation of the transactions contemplated by this Agreement or any ancillary documents will not require or permit (with or without notice or lapse of time, or both), any modification or termination of any such Governmental Actions/Filings. No Governmental Action/Filing is necessary to be obtained, secured or

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made by the Company to enable it to continue to conduct its businesses and operations and use its properties after the Closing in a manner which is consistent with current practice. For purposes of this Agreement, the term "Governmental Action/Filing" shall mean any franchise, license, certificate of compliance, authorization, consent, order, permit, approval, consent or other action of, or any filing, registration or qualification with, any federal, state, municipal, foreign or other governmental, administrative or judicial body, agency or authority.

2.22 Interested Party Transactions. Except as set forth in the Section 2.22 of the Company Schedule or in the Audited Financial Statements or the Unaudited Financial Statements, no employee, officer, director or stockholder of the Company or a member of his or her immediate family is indebted to the Company, nor is the Company indebted (or committed to make loans or extend or guarantee credit) to any of them, other than (i) for payment of salary for services rendered, (ii) reimbursement for reasonable expenses incurred on behalf of the Company, and (iii) for other employee benefits made generally available to all employees. Except as set forth in Section 2.22 of the Company Schedule, to the Company's knowledge, none of the Company's officers or employees has any direct or indirect ownership interest in any Person with whom the Company is affiliated or with whom the Company has a contractual relationship, or in any Person that competes with the Company, except that each officer or employee of Company and members of their respective immediate families may own less than 1% of the outstanding stock in publicly traded companies that may compete with Company. Except as set forth in Section 2.22 of the Company Schedule, to the knowledge of the Company, no officer or director or any member of their immediate families is, directly or indirectly, interested in any Material Company Contract with the Company (other than such contracts as relate to any such Person's ownership of capital stock or other securities of the Company or such Person's employment with the Company).

2.23 Corporate Approvals. The Board of Directors of the Company has, as of the date of this Agreement, determined (i) that the Merger is fair to, and in the best interests of the Company and its stockholders, and (ii) to recommend that the stockholders of the Company approve this Agreement.

2.24 Proxy Statement. The information to be supplied by the Company for inclusion in Parent's proxy statement (such proxy statement as amended or supplemented is referred to herein as the "Proxy Statement") shall not at the time the Proxy Statement is filed with the SEC and at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. The information to be supplied by the Company for inclusion in the proxy statement to be sent in connection with the meeting of Parent's stockholders to consider the approval of this Agreement (the "Parent Stockholders' Meeting") shall not, on the date the Proxy Statement is first mailed to Parent's stockholders, and at the time of the Parent Stockholders' Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not false or misleading; or omit to state any material fact

necessary to correct any statement provided by the Company in any earlier communication with respect to the solicitation of proxies for the Parent Stockholders' Meeting which has become false or misleading. If at any time prior to the Effective Time, any event relating to the Company or any of its affiliates, officers or directors should be discovered by the Company which should be set forth in a supplement to the Proxy Statement, the Company shall promptly inform Parent. Notwithstanding the foregoing, the Company makes no representation or warranty with respect to any information supplied by Parent or any Person other than the Company which is contained in any of the foregoing documents.

2.25 Franchise Matters. (a) Except as set forth in Section 2.25(a) of the Company Schedule, there are no Persons authorized or privileged to use the Intellectual Property Rights under any contract. Section 2.25(a)(i) of the Company Schedule sets forth the name and address of each franchisee that is operating a store using the Intellectual Property Rights and each developer who is authorized to open and operate a store using the Intellectual Property Rights. Except as set forth in Section 2.25(a)(ii) of the Company Schedule, the royalty fee percentage specified in each extant franchise agreement remains in effect, is being paid when due and has not been reduced, modified, waived or otherwise affected by any franchise agreement "side letter," modification, amendment,

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waiver or suspension, in whole or in part, and, to Company's knowledge, there are no franchisees who are in material default of their franchise agreements. Except as set forth in Section 2.25(a)(iii) of the Company Schedule, there are no area developers who are in material default with their development obligations under their area development agreements.

(b) Section 2.25(b) of the Company Schedule lists each state or other jurisdiction in which the Company is currently registered, or with which the Company filed an application for registration or an exemption from registration, to sell franchises, and the effective date of each such registration. Except as set forth in Section 2.25(b) of the Company Schedule, all franchise registrations remain in full force and effect and are not the subject of any existing or threatened government or other action intended, in whole or in part, to result in the termination, revocation, modification, suspension, conditioning or dissolution of any such franchise registration and/or any other circumstance which would reasonably be expected to materially impair the Company's ability routinely to renew or amend any such franchise registration and/or enter into franchise agreements in any jurisdiction. To the knowledge of the Company, the Company is currently in compliance with all laws relating to the offer and sale of franchises in all states and countries where the Company is conducting franchise activities and has, without limitation, prepared all disclosure documents and secured all registrations to effectuate such franchise activities.

(c) The Company's current Uniform Franchise Offering Circulars ("UFOCs") do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except as set forth in Section 2.25(c) of the Company Schedule and to the extent required by law, each current franchisee has been given a UFOC Item 23 "receipt" at least 10 Business Days prior to executing his/her/its franchise agreement or area development agreement with the Company.

(d) Except as set forth in the UFOCs or in Section 2.25(d) of the Company Schedule, (i) there is no pending franchise or franchise-related Action which has been served or, to the Company's knowledge, is otherwise pending or threatened, (ii) to Company's knowledge, there are no pending franchisee complaints, threats to initiate an Action, threats to file complaints with any Governmental Authority and/or threats to otherwise complain of the Company in

any material respect, (iii) there exists no written or, to Company's knowledge, other complaint, inquiry, investigation, or judicial or administrative action or proceeding, communicated or commenced (as the case may be) by any Governmental Authority to or against the Company regarding its offer and sale of franchises, the administration of its franchise network, advancing or referring to any complaint received from any franchisee, inquiring of or contesting any element of the Company's franchise program or franchise relationships, and/or otherwise related to the Company's compliance with any franchise Law, and (iv) to Company's knowledge, there exists no material Action or other claims asserted by any third party against any of the Company's franchisees in which the Company is or may become a party thereto, including under a negligence or "vicarious liability" theory.

(e) Except as set forth in Section 2.25(e) of the Company Schedule, to Company's knowledge, none of the Company's franchisees or area developers are currently involved in a workout or other financial restructuring or any insolvency, bankruptcy or similar proceeding; or contemplating or scheduled to undertake a workout or other financial restructuring or any insolvency, bankruptcy or similar proceeding.

2.26 Representations and Warranties Complete. The representations and warranties of the Company included in this Agreement, as modified by the Company Schedule, are true and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading, under the circumstance under which they were made.

2.27 Survival of Representations and Warranties. The representations and warranties of the Company set forth in this Agreement shall survive the Closing until one year after the Closing Date.

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ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PARENT

Except as set forth in Schedule 3 attached hereto (the "Parent Schedule"), Parent represents and warrants to the Company, as follows:

3.1 Organization and Qualification. (a) Parent is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being or currently planned by Parent to be conducted. Parent is in possession of all Approvals necessary to own, lease and operate the properties it purports to own, operate or lease and to carry on its business as it is now being or currently planned by Parent to be conducted, except where the failure to have such Approvals could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Parent. Complete and correct copies of the Charter Documents of Parent, as amended and currently in effect, have been heretofore delivered to the Company. Parent is not in violation of any of the provisions of Parent's Charter Documents.

(b) Parent is duly qualified or licensed to do business as a foreign corporation and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except for such failures to be so duly qualified or licensed and in good standing that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Parent.

(c) Merger Sub is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California and has the requisite corporate power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being or currently planned by Parent to be conducted. Complete and correct copies of the Charter Documents of Merger Sub, as amended and currently in effect, are attached hereto as Exhibit B. Merger Sub is not in violation of any of the provisions of the Merger Sub's Charter Documents.

3.2 Authority Relative to this Agreement. Each of Parent and Merger Sub has full corporate power and authority to: (i) execute, deliver and perform this Agreement, and each ancillary document which Parent or Merger Sub has executed or delivered or is to execute or deliver pursuant to this Agreement, and (ii) carry out Parent's and Merger Sub's obligations hereunder and thereunder and, to consummate the transactions contemplated hereby (including the Merger). The execution and delivery of this Agreement and the consummation by Parent and Merger Sub of the transactions contemplated hereby (including the Merger) have been duly and validly authorized by all necessary corporate action on the part of Parent and Merger Sub (including the approval by its Board of Directors), and no other corporate proceedings on the part of Parent or Merger Sub are necessary to authorize this Agreement or to consummate the transactions contemplated hereby, other than the Parent Stockholder Approval (as defined in Section 5.1(a)). This Agreement has been duly and validly executed and delivered by Parent and Merger Sub and, assuming the due authorization, execution and delivery thereof by the other parties hereto, constitutes the legal and binding obligation of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

3.3 No Conflict; Required Filings and Consents. (a) The execution and delivery of this Agreement by Parent and Merger Sub do not, and the performance of this Agreement by Parent and Merger Sub shall not: (i) conflict with or violate Parent's or Merger Sub's Charter Documents, (ii) conflict with or violate any Legal Requirements, or (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or materially impair Parent's rights or alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the properties or assets of Parent pursuant to, any Parent Contracts, except, with respect to clauses (ii) or (iii), for any such conflicts, violations, breaches, defaults or other occurrences that would not, individually and in the aggregate, have a Material Adverse Effect on Parent.

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(b) The execution and delivery of this Agreement by Parent and Merger Sub do not, and the performance of their respective obligations hereunder will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, except (i) for the filing of any notifications required under the HSR Act and the expiration of the required waiting period thereunder, (ii) the qualification of Parent as a foreign corporation in those jurisdictions in which the business of the Company makes such qualification necessary, and (iii) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Parent, or prevent consummation of the Merger or otherwise prevent the parties hereto from performing their obligations under this Agreement.

3.4 Compliance. Parent has complied with, is not in violation of, any Legal Requirements with respect to the conduct of its business, or the ownership or operation of its business, except for failures to comply or violations which, individually or in the aggregate, have not had and are not reasonably likely to have a Material Adverse Effect

on Parent. The business and activities of Parent have not been and are not being conducted in violation of any Legal Requirements. Parent is not in default or violation of any term, condition or provision of its Charter Documents. No written notice of non-compliance with any Legal Requirements has been received by Parent.

3.5 SEC Filings; Financial Statements. (a) Parent has made available to the Company a correct and complete copy of each report, registration statement and definitive proxy statement filed by Parent with the SEC (the “Parent SEC Reports”), which are all the forms, reports and documents required to be filed by Parent with the SEC prior to the date of this Agreement. As of their respective dates, the Parent SEC Reports: (i) were prepared in accordance and complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such Parent SEC Reports, and (ii) did not at the time they were filed (and if amended or superseded by a filing prior to the date of this Agreement then on the date of such filing and as so amended or superseded) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except to the extent set forth in the preceding sentence, Parent makes no representation or warranty whatsoever concerning the Parent SEC Reports as of any time other than the time they were filed.

(b) Each set of financial statements (including, in each case, any related notes thereto) contained in Parent SEC Reports, including each Parent SEC Report filed after the date hereof until the Closing, complied or will comply as to form in all material respects with the published rules and regulations of the SEC with respect thereto, was or will be prepared in accordance with U.S. GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto or, in the case of unaudited statements, do not contain footnotes as permitted by Form 10-Q of the Exchange Act) and each fairly presents or will fairly present in all material respects the financial position of Parent at the respective dates thereof and the results of its operations and cash flows for the periods indicated, except that the unaudited interim financial statements were, are or will be subject to normal adjustments which were not or are not expected to have a Material Adverse Effect on Parent taken as a whole.

3.6 No Undisclosed Liabilities. Parent has no liabilities (absolute, accrued, contingent or otherwise) of a nature required to be disclosed on a balance sheet or in the related notes to the financial statements included in Parent SEC Reports which are, individually or in the aggregate, material to the business, results of operations or financial condition of Parent, except (i) liabilities provided for in or otherwise disclosed in Parent SEC Reports filed prior to the date hereof, and (ii) liabilities incurred since January 10, 2006 in the ordinary course of business, none of which would have a Material Adverse Effect on Parent. Merger Sub has no assets or properties of any kind, does not now conduct and has never conducted any business, and has and will have at the Closing no obligations or liabilities of any nature whatsoever except such obligations and liabilities as are imposed under this Agreement.

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3.7 Absence of Certain Changes or Events. Except as set forth in Parent SEC Reports filed prior to the date of this Agreement, and except as contemplated by this Agreement, since January 10, 2006, there has not been: (i) any Material Adverse Effect on Parent, (ii) any declaration, setting aside or payment of any dividend on, or other distribution (whether in cash, stock or property) in respect of, any of Parent’s capital stock, or any purchase, redemption or other acquisition by Parent of any of Parent’s capital stock or any other securities of Parent or any options, warrants, calls or rights to acquire any such shares or other securities, (iii) any split, combination or reclassification of any of Parent’s capital stock, (iv) any granting by Parent of any increase in compensation or fringe benefits, except for normal increases of cash compensation in the ordinary course of business consistent with past

practice, or any payment by Parent of any bonus, except for bonuses made in the ordinary course of business consistent with past practice, or any granting by Parent of any increase in severance or termination pay or any entry by Parent into any currently effective employment, severance, termination or indemnification agreement or any agreement the benefits of which are contingent or the terms of which are materially altered upon the occurrence of a transaction involving Parent of the nature contemplated hereby, (v) entry by Parent into any licensing or other agreement with regard to the acquisition or disposition of any Intellectual Property other than licenses in the ordinary course of business consistent with past practice or any amendment or consent with respect to any licensing agreement filed or required to be filed by Parent with respect to any Governmental Entity, (vi) any material change by Parent in its accounting methods, principles or practices, except as required by concurrent changes in U.S. GAAP, (vii) any change in the auditors of Parent, (viii) any issuance of capital stock of Parent, or (ix) any revaluation by Parent of any of its assets, including, without limitation, writing down the value of capitalized inventory or writing off notes or accounts receivable or any sale of assets of Parent other than in the ordinary course of business.

3.8 **Litigation.** There are no claims, suits, actions or proceedings pending or to Parent's knowledge, threatened against Parent, before any court, governmental department, commission, agency, instrumentality or authority, or any arbitrator that seeks to restrain or enjoin the consummation of the transactions contemplated by this Agreement or which could reasonably be expected, either singularly or in the aggregate with all such claims, actions or proceedings, to have a Material Adverse Effect on Parent or have a Material Adverse Effect on the ability of the parties hereto to consummate the Merger.

3.9 **Interested Party Transactions.** Except as set forth in the Parent SEC Reports filed prior to the date of this Agreement, no employee, officer, director or stockholder of Parent or a member of his or her immediate family is indebted to Parent nor is Parent indebted (or committed to make loans or extend or guarantee credit) to any of them, other than reimbursement for reasonable expenses incurred on behalf of Parent. To Parent's knowledge, none of its officers or employees has any direct or indirect ownership interest in any Person with whom Parent is affiliated or with whom Parent has a material contractual relationship, or any Person that competes with Parent, except that each employee or officer of Parent and members of their respective immediate families may own less than 5% of the outstanding stock in publicly traded companies that may compete with Parent. To Parent's knowledge, no officer or director or any member of their immediate families is, directly or indirectly, interested in any material contract with Parent (other than such contracts as relate to any such individual ownership of capital stock or other securities of Parent).

3.10 **Board Approval.** The Board of Directors of Parent (including any required committee or subgroup of the Board of Directors of Parent) has, as of the date of this Agreement, unanimously (i) declared the advisability of the Merger and approved this Agreement and the transactions contemplated hereby, (ii) determined that the Merger is in the best interests of the stockholders of Parent, and (iii) determined that the fair market value of the Company is equal to at least 80% of Parent's net assets.

3.11 **Trust Fund.** As of the date hereof and at the Closing Date, Parent has and will have no less than \$126,720,000 invested in United States Government securities or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940 in a trust account administered by Continental (the "Trust Fund"), less such amounts, if any, as Parent

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is required to pay to stockholders who elect to have their shares converted to cash in accordance with the provisions of Parent's Charter Documents.

3.12 Representations and Warranties Complete. The representations and warranties of Parent included in this Agreement, as modified by the Parent Schedule, are true and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading, under the circumstance under which they were made.

3.13 Survival of Representations and Warranties. The representations and warranties of Parent set forth in this Agreement shall not survive the Closing.

ARTICLE IV

CONDUCT PRIOR TO THE EFFECTIVE TIME

4.1 Conduct of Business by Company and Parent. During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement pursuant to its terms or the Closing, each of the Company, Parent and Merger Sub shall, except to the extent that the other party shall otherwise consent in writing, carry on its business in the usual, regular and ordinary course consistent with past practices, in substantially the same manner as heretofore conducted and in compliance with all applicable laws and regulations (except where noncompliance would not have a Material Adverse Effect), pay its debts and taxes when due subject to good faith disputes over such debts or taxes, pay or perform other material obligations when due, and use its commercially reasonable efforts consistent with past practices and policies to (i) preserve substantially intact its present business organization, (ii) keep available the services of its present officers and employees and (iii) preserve its relationships with customers, suppliers, distributors, licensors, licensees, and others with which it has significant business dealings. In addition, except as required or permitted by the terms of this Agreement, without the prior written consent of the other party, during the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement pursuant to its terms or the Closing, each of the Company, Parent and Merger Sub shall not do any of the following:

- (a) Waive any stock repurchase rights, accelerate (except as disclosed in the Company Schedule), amend or (except as specifically provided for herein) change the period of exercisability of options or restricted stock, or reprice options granted under any employee, consultant, director or other stock plans or authorize cash payments in exchange for any options granted under any of such plans;
- (b) Grant any severance or termination pay to any officer or employee except pursuant to applicable law, written agreements outstanding, or policies existing on the date hereof and as previously or concurrently disclosed in writing or made available to the other party, or adopt any new severance plan, or amend or modify or alter in any manner any severance plan, agreement or arrangement existing on the date hereof;
- (c) Transfer or license to any person or otherwise extend, amend or modify any material rights to any Intellectual Property of the Company or Parent, as applicable, or enter into grants to transfer or license to any person future patent rights, other than in the ordinary course of business consistent with past practices, provided that in no event shall the Company or Parent license on an exclusive basis or sell any Intellectual Property of the Company, or Parent as applicable;
- (d) Declare, set aside or pay any dividends on or make any other distributions (whether in cash, stock, equity securities or property) in respect of any capital stock or split, combine or reclassify any capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any capital stock;

(e) Purchase, redeem or otherwise acquire, directly or indirectly, any shares of capital stock of the Company and Parent, as applicable, including repurchases of unvested shares at cost in

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connection with the termination of the relationship with any employee or consultant pursuant to stock option or purchase agreements in effect on the date hereof;

(f) Issue, deliver, sell, authorize, pledge or otherwise encumber, or agree to any of the foregoing with respect to, any shares of capital stock or any securities convertible into or exchangeable for shares of capital stock, or subscriptions, rights, warrants or options to acquire any shares of capital stock or any securities convertible into or exchangeable for shares of capital stock, or enter into other agreements or commitments of any character obligating it to issue any such shares or convertible or exchangeable securities, except for (i) the issuance of Company common stock upon the exercise of outstanding Company Stock Options or warrants, or issuance of common stock upon the conversion of any Company Preferred Stock;

(g) Amend its Charter Documents unless required to do so hereunder;

(h) Acquire or agree to acquire by merging or consolidating with, or by purchasing any equity interest in or a portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to the business of Parent or the Company as applicable, or enter into any joint ventures, strategic partnerships or alliances or other arrangements that provide for exclusivity of territory or otherwise restrict such party's ability to compete or to offer or sell any products or services, other than franchise and area development agreements entered into in the ordinary course of business upon prior notice to Parent;

(i) Sell, lease, license, encumber or otherwise dispose of any properties or assets, except (A) sales of inventory in the ordinary course of business consistent with past practice and (B) and the sale, lease or disposition (other than through licensing) of property or assets that are not material, individually or in the aggregate, to the business of such party;

(j) Incur Indebtedness, except for up to \$22,000,000 of Indebtedness (including Total Indebtedness) incurred in the ordinary course of business to carry out the business plan. For purposes of the foregoing, "Indebtedness" shall mean (a) all obligations of the Company for borrowed money or with respect to deposits or advances of any kind (other than deposits or advances in respect of deferred revenue), (b) all obligations of the Company evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of the Company upon which interest is customarily paid, (d) all obligations of the Company for purchase money financing, including obligations under conditional sale or other title retention agreements or issued or assumed in respect of deferred purchase price, relating to assets purchased by the Company, (e) all guarantees by the Company of any obligation of the type described in the clauses hereof of any other person, (f) all capital lease obligations of the Company, (g) all interest rate protection, foreign currency exchange or other interest or exchange rate hedging agreements and (h) all obligations of the Company as an account party in respect of bankers' acceptances, in the case of each clause above, as of such date;

(k) Adopt or amend any employee benefit plan, policy or arrangement, any employee stock purchase or employee stock option plan, or enter into any employment contract or collective bargaining agreement (other than offer letters and letter agreements entered into in the ordinary course of business consistent with past practice with employees who are terminable "at will"), pay any special bonus or special remuneration to any director or employee, or increase the

salaries or wage rates or fringe benefits (including rights to severance or indemnification) of its directors, officers, employees or consultants, except in the ordinary course of business consistent with past practices;

(l) Pay, discharge, settle or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), or litigation (whether or not commenced prior to the date of this Agreement) other than the payment, discharge, settlement or satisfaction, in the ordinary course of business consistent with past practices or in accordance with their terms, or liabilities recognized or disclosed in the Unaudited Financial Statements or in the most recent

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financial statements included in the Parent SEC Reports filed prior to the date of this Agreement, as applicable, or incurred since the date of such financial statements, or waive the benefits of, agree to modify in any manner, terminate, release any person from or knowingly fail to enforce any confidentiality or similar agreement to which the Company is a party or of which the Company is a beneficiary or to which Parent is a party or of which Parent is a beneficiary, as applicable;

(m) Except in the ordinary course of business consistent with past practices, modify, amend or terminate any Material Company Contract or Parent Contract, as applicable, or waive, delay the exercise of, release or assign any material rights or claims thereunder;

(n) Except as required by U.S. GAAP, revalue any of its assets or make any change in accounting methods, principles or practices;

(o) Except in the ordinary course of business consistent with past practices, incur or enter into any agreement, contract or commitment requiring such party to pay in excess of \$250,000 in any 12 month period, other than the Company under a Routine Operating Contract;

(p) Make or rescind any Tax elections that, individually or in the aggregate, could be reasonably likely to adversely affect in any material respect the Tax liability or Tax attributes of such party, settle or compromise any material income tax liability or, except as required by applicable law, materially change any method of accounting for Tax purposes or prepare or file any Return in a manner inconsistent with past practice;

(q) Form, establish or acquire any subsidiary except as contemplated by this Agreement;

(r) Except as set forth in the Company Schedule, permit any Person to exercise any of its discretionary rights under any Plan to provide for the automatic acceleration of any outstanding options, the termination of any outstanding repurchase rights or the termination of any cancellation rights issued pursuant to such plans;

(s) Make capital expenditures except in accordance with prudent business and operational practices consistent with prior practice;

(t) Take or omit to take any action, the taking or omission of which would be reasonably anticipated to have a Material Adverse Effect;

- (u) Enter into any transaction with or distribute or advance any assets or property to any of its officers, directors, partners, stockholders or other affiliates (other than payment of salary and benefits in the ordinary course of business consistent with past practice);
- (v) enter into any material area development agreement or enter into any franchise agreement or area development agreement without first amending the Company's effective UFOCs to include such information regarding the transactions contemplated by this Agreement as required by applicable Law; or
- (w) Agree in writing or otherwise agree, commit or resolve to take any of the actions described in Section 4.1 (a) through (v) above.

ARTICLE V

ADDITIONAL AGREEMENTS

5.1 Proxy Statement; Parent Stockholders' Meeting. (a) As promptly as practicable after the execution of this Agreement, Parent will prepare and file the Proxy Statement with the SEC. Parent will respond to any comments of the SEC and Parent will use its commercially reasonable efforts to mail the Proxy Statement to its stockholders at the earliest practicable time. As promptly as practicable after the execution of this Agreement, the Company and Parent will prepare and file any other filings required under the Securities Exchange Act of 1934 (the "Exchange Act"), the Securities Act of 1933 (the "Securities Act") or any other Federal, foreign or Blue Sky laws relating to the

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Merger and the transactions contemplated by this Agreement, (collectively, the "Other Filings"). Each party will notify the other party promptly upon the receipt of any comments from the SEC or its staff and of any request by the SEC or its staff or any other governmental officials for amendments or supplements to the Proxy Statement or any Other Filing or for additional information and will supply the other party with copies of all correspondence between such party or any of its representatives, on the one hand, and the SEC, or its staff or other government officials, on the other hand, with respect to the Proxy Statement, the Merger or any Other Filing. The Proxy Statement and the Other Filings will comply in all material respects with all applicable requirements of law and the rules and regulations promulgated thereunder. Whenever any event occurs which is required to be set forth in an amendment or supplement to the Proxy Statement or any Other Filing, the Company or Parent, as the case may be, will promptly inform the other party of such occurrence and cooperate in filing with the SEC or its staff or any other government officials, and/or mailing to stockholders of the Company and Parent, such amendment or supplement. The proxy materials will be sent to the stockholders of Parent for the purpose of soliciting proxies from holders of Parent Common Stock to vote in favor of (i) the adoption of this Agreement and the approval of the Merger ("Parent Stockholder Approval"); (ii) the issuance and sale of shares of Common Stock to the extent that such issuance requires shareholder approval under the rules of the American Stock Exchange, and (iii) the adoption of an Equity Incentive Plan (the "Parent Plan") at the Parent Stockholders' Meeting. Such proxy materials shall be in the form of a proxy statement to be used for the purpose of soliciting such proxies from holders of Parent Common Stock. Parent covenants to, within a reasonable time following the Closing, amend the Certificate of Incorporation of Parent to change Parent's name to "Jamba, Inc." or such similar available name as recommended by management of Parent following the Closing.

(b) As soon as practicable following its approval by the SEC, Parent shall distribute the Proxy Statement to the holders of Parent Common Stock and, pursuant thereto, shall call the Parent Stockholders' Meeting in accordance with

the Delaware General Corporation Law (the “DGCL”) and, subject to the other provisions of this Agreement, solicit proxies from such holders to vote in favor of the adoption of this Agreement and the approval of the Merger and the other matters presented to the stockholders of Parent for approval or adoption at the Parent Stockholders’ Meeting, including, without limitation, the matters described Section 5.1(a).

(c) Parent shall comply with all applicable provisions of and rules under the Exchange Act and all applicable provisions of the DGCL in the preparation, filing and distribution of the Proxy Statement, the solicitation of proxies thereunder, and the calling and holding of the Parent Stockholders’ Meeting. Without limiting the foregoing, Parent shall ensure that the Proxy Statement does not, as of the date on which it is distributed to the holders of Parent Common Stock, and as of the date of the Parent Stockholders’ Meeting, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading (provided that Parent shall not be responsible for the accuracy or completeness of any information relating to the Company or any other information furnished by the Company for inclusion in the Proxy Statement). The Company represents and warrants that the information relating to the Company supplied by the Company for inclusion in the Proxy Statement will not as of date of its distribution to the holders of Parent Common Stock (or any amendment or supplement thereto) or at the time of the Parent Stockholders’ Meeting contain any statement which, at such time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statement therein not false or misleading.

(d) Parent, acting through its board of directors, shall include in the Proxy Statement the recommendation of its board of directors that the holders of Parent Common Stock vote in favor of the adoption of this Agreement and the approval of the Merger, and shall otherwise use reasonable best efforts to obtain the Parent Stockholder Approval

5.2 Company Stockholder Approval. (a) As promptly as practicable after the execution of this Agreement, the Company will prepare and file any filings required under the CGCL, the Securities Act or any Other Filings relating to the Merger and the transactions contemplated by this Agreement required by law to be filed by the Company. The Other Filings will comply in all material

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respects with all applicable requirements of law and the rules and regulations promulgated thereunder. Applicable proxy materials or other materials will be sent to the stockholders of Company for the purpose of soliciting proxies to vote in favor of the adoption of this Agreement and the approval of the Merger, or other approval from the stockholders of Company (the “Company Stockholder Approval”).

(b) The Company will use its reasonable best efforts to obtain the approval of its stockholders within two weeks of the date of this Agreement, but in any event as soon as practicable following the date of this Agreement and in no event shall such meeting be held later than April 30, 2006. The Company shall seek to obtain such approval by calling a meeting of the Company’s stockholders’ or otherwise obtain approval of the stockholders for the purpose of the adoption of this Agreement and the approval of the Merger and the other matters presented to the stockholders of Company for approval or adoption.

(c) Parent represents and warrants that the information relating to Parent supplied by Parent for inclusion in Company proxy or other materials provided to the Company’s stockholders will not as of date of its distribution to the holders of Company stockholders (or any amendment or supplement thereto) or at the time of the Company

Stockholder Approval contain any statement which, at such time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statement therein not false or misleading.

5.3 Directors and Officers of Parent and the Surviving Corporation After Merger. Parent and the Company shall take all necessary action so that the persons listed on Schedule 5.3 are appointed or elected, as applicable, to the positions of officers and directors of Parent and the Surviving Corporation, as set forth therein, to serve in such positions effective immediately after the Closing.

5.4 Voting Agreements. Certain stockholders of the Company mutually agreed between the Company and Parent shall enter into a Voting Agreement in the form of Exhibit C hereto (the "Voting Agreement") concurrently with the execution of this Agreement.

5.5 HSR Act. If required pursuant to the HSR Act, as promptly as practicable after the date of this Agreement, Parent and the Company shall each prepare and file the notification required of it thereunder in connection with the transactions contemplated by this Agreement and shall promptly and in good faith respond to all information requested of it by the Federal Trade Commission and Department of Justice in connection with such notification and otherwise cooperate in good faith with each other and such Governmental Entities. Parent and the Company shall (a) promptly inform the other of any communication to or from the Federal Trade Commission, the Department of Justice or any other Governmental Entity regarding the transactions contemplated by this Agreement, (b) give the other prompt notice of the commencement of any action, suit, litigation, arbitration, proceeding or investigation by or before any Governmental Entity with respect to such transactions and (c) keep the other reasonably informed as to the status of any such action, suit, litigation, arbitration, proceeding or investigation. Filing fees with respect to the notifications required under the HSR Act shall be shared equally by Parent and the Company.

5.6 Other Actions. (a) At least five (5) days prior to Closing, Parent shall prepare a draft Form 8-K announcing the Closing, together with, or incorporating by reference, the financial statements prepared by the Company and its accountant, and such other information that may be required to be disclosed with respect to the Merger in any report or form to be filed with the SEC ("Merger Form 8-K"), which shall be in a form reasonably acceptable to the Company and in a format acceptable for EDGAR filing. Prior to Closing, Parent and the Company shall prepare the press release announcing the consummation of the Merger hereunder ("Press Release"). Simultaneously with the Closing, Parent shall file the Merger Form 8-K with the SEC and distribute the Press Release.

(b) The Company and Parent shall further cooperate with each other and use their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on its part under this Agreement and applicable laws to consummate

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the Merger and the other transactions contemplated hereby as soon as practicable, including preparing and filing as soon as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as soon as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party (including the respective independent accountants of the Company and Parent) and/or any Governmental Entity in order to consummate the Merger or any of the other transactions contemplated hereby. This obligation shall include, on the part of Parent, sending a termination letter to Continental in substantially the form of Exhibit A attached to the Investment Management Trust Agreement by and between Parent and Continental dated as

of June 29, 2005. Subject to applicable laws relating to the exchange of information and the preservation of any applicable attorney-client privilege, work-product doctrine, self-audit privilege or other similar privilege, each of the Company and Parent shall have the right to review and comment on in advance, and to the extent practicable each will consult the other on, all the information relating to such party that appears in any filing made with, or written materials submitted to, any third party and/or any Governmental Entity in connection with the Merger and the other transactions contemplated hereby. In exercising the foregoing right, each of the Company and Parent shall act reasonably and as promptly as practicable.

5.7 Required Information. In connection with the preparation of the Merger Form 8-K and Press Release, and for such other reasonable purposes, the Company and Parent each shall, upon request by the other, furnish the other with all information concerning themselves, their respective directors, officers and stockholders (including the directors of Parent and the Company to be elected effective as of the Closing pursuant to Section 5.3 hereof) and such other matters as may be reasonably necessary or advisable in connection with the Merger, or any other statement, filing, notice or application made by or on behalf of the Company and Parent to any third party and/or any Governmental Entity in connection with the Merger and the other transactions contemplated hereby. Each party warrants and represents to the other party that all such information shall be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

5.8 Confidentiality; Access to Information. (a) **Confidentiality.** Any confidentiality agreement previously executed by the parties shall be superseded in its entirety by the provisions of this Agreement. Each party agrees to maintain in confidence any non-public information received from the other party, and to use such non-public information only for purposes of consummating the transactions contemplated by this Agreement. Such confidentiality obligations will not apply to (i) information which was known to the one party or their respective agents prior to receipt from the other party; (ii) information which is or becomes generally known; (iii) information acquired by a party or their respective agents from a third party who was not bound to an obligation of confidentiality; and (iv) disclosure required by law. In the event this Agreement is terminated as provided in Article VIII hereof, each party (i) will return or cause to be returned to the other all documents and other material obtained from the other in connection with the Merger contemplated hereby, and (ii) will use its reasonable best efforts to delete from its computer systems all documents and other material obtained from the other in connection with the Merger contemplated hereby.

(b) **Access to Information.** (i) Company will afford Parent and its financial advisors, accountants, counsel and other representatives reasonable access during normal business hours, upon reasonable notice, to the properties, books, records and personnel of the Company during the period prior to the Closing to obtain all information concerning the business, including the status of product development efforts, properties, results of operations and personnel of the Company, as Parent may reasonably request. No information or knowledge obtained by Parent in any investigation pursuant to this Section 5.8 will affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties to consummate the Merger.

(ii) Parent will afford the Company and its financial advisors, underwriters, accountants, counsel and other representatives reasonable access during normal business hours, upon reasonable notice, to the properties, books, records and personnel of Parent

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during the period prior to the Closing to obtain all information concerning the business, including the status of product development efforts, properties, results of operations and personnel of Parent, as the Company may reasonably request. No information or knowledge obtained by the Company in any investigation pursuant to this Section 5.8 will affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties to consummate the Merger.

(iii) Notwithstanding anything to the contrary contained herein, each party (“Subject Party”) hereby agrees that by proceeding with the Closing, it shall be conclusively deemed to have waived for all purposes hereunder any inaccuracy of representation or breach of warranty by another party which is actually known by the Subject Party prior to the Closing.

5.9 Charter Protections; Directors’ and Officers’ Liability Insurance. (a) All rights to indemnification for acts or omissions occurring through the Closing Date now existing in favor of the current directors and officers of Parent as provided in the Charter Documents of Parent or in any indemnification agreements shall survive the Merger and shall continue in full force and effect in accordance with their terms.

(b) For a period of six (6) years after the Closing Date, Parent shall cause to be maintained in effect the current policies of directors’ and officers’ liability insurance maintained by Parent (or policies of at least the same coverage and amounts containing terms and conditions which are no less advantageous) with respect to claims arising from facts and events that occurred prior to the Closing Date.

(c) If Parent or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of Parent assume the obligations set forth in this Section 5.9.

(d) The provisions of this Section 5.9 are intended to be for the benefit of, and shall be enforceable by, each Person who will have been a director or officer of Parent for all periods ending on or before the Closing Date and may not be changed without the consent of Committee referred to in Section 1.11(a).

5.10 Public Disclosure. From the date of this Agreement until Closing or termination, the parties shall cooperate in good faith to jointly prepare all press releases and public announcements pertaining to this Agreement and the transactions governed by it, and no party shall issue or otherwise make any public announcement or communication pertaining to this Agreement or the transaction without the prior consent of Parent (in the case of the Company) or the Company (in the case of Parent), except as required by any legal requirement or by the rules and regulations of, or pursuant to any agreement of a stock exchange or trading system. Each party will not unreasonably withhold approval from the others with respect to any press release or public announcement. If any party determines with the advice of counsel that it is required to make this Agreement and the terms of the transaction public or otherwise issue a press release or make public disclosure with respect thereto, it shall, at a reasonable time before making any public disclosure, consult with the other party regarding such disclosure, seek such confidential treatment for such terms or portions of this Agreement or the transaction as may be reasonably requested by the other party and disclose only such information as is legally compelled to be disclosed. This provision will not apply to communications by any party to its counsel, accountants and other professional advisors. Notwithstanding the foregoing, the parties hereto agree that promptly as practicable after the execution of this Agreement, Parent will file with the SEC a Current Report on Form 8-K pursuant to the Exchange Act to report the execution of this Agreement, with respect to which Parent shall consult with the Company. Parent shall provide to Company for review and comment a draft of the Current Report on Form 8-K prior to filing with the SEC; provided that unless objected to by the Company by written notice given to Parent within two (2) days after delivery to the Company specifying the language to which reasonable objection is taken, any language included in such Current

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Report shall be deemed to have been approved by the Company and may be filed with SEC and used in other filings made by Parent with the SEC.

5.11 Reasonable Efforts. Upon the terms and subject to the conditions set forth in this Agreement, each of the parties agrees to use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated by this Agreement, including using commercially reasonable efforts to accomplish the following: (i) the taking of all reasonable acts necessary to cause the conditions precedent set forth in Article VI to be satisfied, (ii) the obtaining of all necessary actions, waivers, consents, approvals, orders and authorizations from Governmental Entities and the making of all necessary registrations, declarations and filings (including registrations, declarations and filings with Governmental Entities, if any) and the taking of all reasonable steps as may be necessary to avoid any suit, claim, action, investigation or proceeding by any Governmental Entity, (iii) the obtaining of all consents, approvals or waivers from third parties required as a result of the transactions contemplated in this Agreement, including without limitation the consents referred to in the Company Schedule, (iv) the defending of any suits, claims, actions, investigations or proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed and (v) the execution or delivery of any additional instruments reasonably necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement. In connection with and without limiting the foregoing, Parent and its board of directors and the Company and its board of directors shall, if any state takeover statute or similar statute or regulation is or becomes applicable to the Merger, this Agreement or any of the transactions contemplated by this Agreement, use its commercially reasonable efforts to enable the Merger and the other transactions contemplated by this Agreement to be consummated as promptly as practicable on the terms contemplated by this Agreement. Notwithstanding anything herein to the contrary, nothing in this Agreement shall be deemed to require Parent or the Company to agree to any divestiture by itself or any of its affiliates of shares of capital stock or of any business, assets or property, or the imposition of any material limitation on the ability of any of them to conduct their business or to own or exercise control of such assets, properties and stock.

5.12 Certain Claims. As additional consideration for the issuance of the Per Share Merger Consideration pursuant to this Agreement, each of the Company stockholders hereby releases and forever discharges, effective as of the Closing Date, the Company and its directors, officers, employees and agents, from any and all rights, claims, demands, judgments, obligations, liabilities and damages, whether accrued or unaccrued, asserted or unasserted, and whether known or unknown arising out of or resulting from such stockholder's (i) status as a holder of an equity interest in the Company; and (ii) employment, service, consulting or other similar agreement entered into with the Company prior to Closing, to the extent that the bases for claims under any such agreement that survives the Closing arise prior to the Closing, provided, however, the foregoing shall not release any obligations of Parent set forth in this Agreement or the Escrow Agreement.

5.13 No Securities Transactions. Neither the Company nor any of its affiliates, directly or indirectly, shall engage in any transactions involving the securities of Parent prior to the time of the making of a public announcement of the transactions contemplated by this Agreement. The Company shall use its best efforts to require each of its officers, directors, employees, agents, representatives and stockholders to comply with the foregoing requirement.

5.14 [Reserved]

5.15 No Claim Against Trust Fund; Sole Remedy For Termination of Agreement. The Company acknowledges that, if the transactions contemplated by this Agreement are not consummated by Parent by December 29, 2006 (subject to a six-month extension in certain circumstances), Parent will be obligated to return to its stockholders the amounts being held in the Trust Fund. Accordingly, the sole remedy for any claim by the Company against Parent or the Merger Sub, or Parent or Merger

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Sub against the Company, for any monetary claims or otherwise, for any reason whatsoever, including but not limited to a breach of this Agreement by any party or any negotiations, agreements or understandings in connection herewith (other than as a result of the Merger, pursuant to which the Company and its stockholders will have the right to recover the Total Merger Consideration from monies in the Trust Fund, from the Escrow Cash or otherwise) shall be as set forth in Section 8.2.

5.16 Disclosure of Certain Matters. Each of Parent and the Company will provide the other with prompt written notice of any event, development or condition that (a) would cause any of such party's representations and warranties to become untrue or misleading or which may affect its ability to consummate the transactions contemplated by this Agreement, (b) had it existed or been known on the date hereof would have been required to be disclosed under this Agreement, (c) gives such party any reason to believe that any of the conditions set forth in Article VI will not be satisfied, (d) is of a nature that is or may be materially adverse to the operations, prospects or condition (financial or otherwise) of Parent or the Company, or (e) would require any amendment or supplement to the Proxy Statement. The parties shall have the right and obligation to supplement or amend the Company Schedule and Parent Schedule (the "Disclosure Schedules") being delivered pursuant to this Agreement with respect to any matter arising or discovered after delivery thereof which, if existing or known at the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedules. The obligations of the parties to amend or supplement the Disclosure Schedules being delivered herewith shall terminate on the Closing Date. Notwithstanding any such amendment or supplementation, for purposes of Sections 2.2(a) and 2.3(a), and 3.1(c), the representations and warranties of the parties shall be made with reference to the Disclosure Schedules as they exist at the time of delivery of the Disclosure Schedules in accordance with Section 5.23, subject to such anticipated changes as are set forth in Schedule 4.1 or otherwise expressly contemplated by this Agreement or which are set forth in the Disclosure Schedules as they exist on the date of delivery thereof in accordance with Section 5.23.

5.17 No Solicitation. (a) The Company will not, and will cause its affiliates, employees, agents and representatives not to, directly or indirectly, solicit or enter into discussions or transactions with, or encourage, or provide any information to, any corporation, partnership or other entity or group (other than Parent and its designees) concerning any merger, sale of ownership interests and/or assets of the Company, recapitalization or similar transaction (an "Acquisition Proposal"), provided that this Section 5.17 shall not prohibit (i) negotiations with, and the provision of information to, any other person in connection with a superior Acquisition Proposal by such other person or (ii) recommending any superior Acquisition Proposal with such other person to the shareholders of the Company (which shall not constitute a breach of this Agreement), if the Board of Directors of the Company determines in good faith after consultation with counsel that failure to take such actions could reasonably be expected to be inconsistent with their fiduciary obligations under applicable law.

(b) Parent will not, and will cause its employees, agents and representatives not to, directly or indirectly, solicit or enter into discussions or transactions with, or encourage, or provide any information to, any corporation, partnership or other entity or group (other than the Company and its designees) concerning any merger, purchase of ownership

interests and/or assets, recapitalization or similar transaction.

(c) The Company shall promptly advise Parent of the nature of any written offer, proposal or indication of interest that is submitted to the Company and the identity of the Person making such written offer, proposal or indication of interest.

5.18 Stock Options and Warrants. (a) At the Effective Time, the Company's obligations with respect to each outstanding unvested Company Option (and unexercised vested option, subject to the provisions of this Section 5.18) and unexercised Company Warrant (if amended in a manner reasonably acceptable to Parent) will be assumed by Parent, and Parent shall thereafter be obligated to issue Parent Common Stock upon exercise thereof. Each Company Warrant shall be exercisable on the terms, and into the number of shares of the Parent Common Stock, as set forth in the Company Warrant as so amended. Each Company Option so assumed by Parent under this Agreement shall be subject to the same terms and conditions set forth in Company's Stock Option Plans as in effect

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immediately prior to the Effective Time, and (i) such Company Option will be exercisable for that number of shares of Parent Common Stock equal to the product of the number of Shares of Company Common Stock that were purchasable under such Company Option immediately prior to the Effective Time multiplied by the Exchange Ratio, rounded down to the nearest whole number of shares of Parent Common Stock, and (ii) the per share exercise price for the shares of Parent Common Stock issuable upon exercise of such assumed Company Option will be equal to the quotient determined by dividing the exercise price per share of Company Common Stock at which such Company Option was exercisable immediately prior to the Effective Time by the Exchange Ratio, and rounding the resulting exercise price up to the nearest whole cent. Following the Effective Time, Parent will send to each holder of an assumed Company Option a written notice setting forth (i) the number of shares of Parent Common Stock that are subject to such assumed Company Option, and (ii) the exercise price per share of Parent Common Stock issuable upon exercise of such assumed Company Option. In addition, if Parent has not filed a registration statement on Form S-8 registering the exercise of any Company Options assumed by Parent pursuant to this Section 5.18 prior to Closing, Parent shall file such registration statement with the SEC on the 90th day following the Closing (to the extent the exercise of such options is eligible to be registered using a Form S-8 registration statement). The "Exchange Ratio" shall be determined such that (a) the aggregate intrinsic value of the new Parent Options is not greater than the aggregate intrinsic value of the Company Options immediately prior to the assumption and (b) the ratio of the exercise price per option to market value per share is unchanged. The parties agree that Parent will permit holders of vested Company Options to elect, on an individual basis, to either exercise such Company Options and participate in the Merger or have those Company Options assumed, on the same basis as the unvested Company Options, by the Parent, unless there are, in the sole judgment and discretion of Parent, significant tax, accounting or securities laws issues (including any requirement of registering on a Form other than S-8) with treating vested options identically to unvested options. The parties will make such determination on or before April 30, 2006.

(b) Parent will reserve sufficient shares of Parent Common Stock for issuance under this Section 5.18.

5.19 Benefit Arrangements. Parent agrees that all employees of the Company who continue employment with Parent or any subsidiary of Parent after the Effective Time ("Continuing Employees") shall be eligible to continue to participate in the Company's health, vacation, welfare and retirement benefit plans; provided, however, that (i) nothing in this Section 5.19 or elsewhere in this Agreement shall limit the right of Parent to amend or terminate any such benefit plan or arrangement at any time, and (ii) if Parent terminates any such plan, then (upon expiration of any

appropriate transition period), the Continuing Employees shall be eligible to participate in Parent's benefit plans and vacation policies, in each case to the same extent as employees of Parent in similar positions and at compensation grade levels. Continuing Employees shall receive credit for service time as an employee of the Company for purposes of eligibility to participate, vesting, and eligibility to receive benefits under any such Parent benefit plan and for purposes of vacation accrual for service accrued or deemed accrued prior to the Effective Time. Additionally, any life, health and disability benefits available to Continuing Employees and their eligible dependents under Parent's benefit plans shall not be subject to any insurability requirement or pre-existing condition exclusion that would not apply to the corresponding benefit provided under a plan maintained by the Company immediately prior to the Effective Time. Parent shall further provide each Continuing Employee with credit for any co-payments and deductibles paid prior to the Effective Time for the plan year in which the Effective Time occurs in satisfying any applicable deductibles or out-of-pocket requirements under corresponding Parent benefit plans. Nothing in this Section 5.19 or elsewhere in this Agreement, shall be construed to create a right in any employee to continuing employment.

5.20 Company Actions. The Company shall use its best efforts to take such actions as are necessary to fulfill its obligations under this Agreement and to enable Parent and Merger Sub to fulfill its obligations hereunder.

5.21 Financing. The Company agrees to provide, and will cause its directors, officers and employees to provide, all cooperation reasonably necessary in connection with the arrangement of

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financing to be consummated contemporaneously with or at or after the expiration of the Effective Time in respect of the transactions contemplated by this Agreement, including participation in meetings, due diligence sessions, road shows, the preparation of offering memoranda, private placement memoranda, prospectuses and similar documents, the execution and delivery of any commitment letters, placement agreements, pledge and security documents, other definitive financing documents, or other requested certificates or documents, audited and unaudited financial statements, comfort letters of accountants and legal opinions as may be reasonably requested by Parent or Merger Sub and taking such other actions as are reasonably required to be taken by the Company in connection with any financing, providing that such cooperation shall not interfere unreasonably with the business or operations of the Company and the Company shall not be required to incur material incremental out-of-pocket costs in respect of such cooperation unless Parent shall have undertaken to reimburse the Company all such reasonable and documented out-of-pocket costs.

5.22 Fees and Expenses. Whether or not the Merger is consummated, all fees and expenses incurred in connection with the Merger including, without limitation, all legal, accounting, financial advisory, consulting and all other fees and expenses of third parties incurred by a party in connection with the negotiation and effectuation of the terms and conditions of this Agreement and the transactions contemplated hereby ("Third Party Expenses"), shall be the obligation of the respective party incurring such fees and expenses. The Company shall provide Parent with a statement of estimated Third Party Expenses incurred by the Company ("Company Third Party Expenses") at least five (5) business days prior to the Closing Date in form reasonably satisfactory to Parent (the "Statement of Expenses"). Any Company Third Party Expense in excess of the Company Third Party Expenses reflected on the Statement of Expenses used to reduce the Total Merger Consideration ("Excess Third Party Expenses"), shall be subject to the indemnification provisions of Article VII and shall not be subject to the Basket. Third Party Expenses shall not be incurred by the Company after the Closing Date without the express prior written consent of Parent

5.23 Company Schedule. The Company shall deliver to Parent the Company Schedule on or before the expiration of five (5) business days following the date of this Agreement, which Company Schedule shall be satisfactory to Parent in its reasonable discretion

5.24 Company Warrants. Promptly following the date hereof, the Parent and the Company shall meet and confer for the purpose of determining the terms and conditions of the form of amendment to the Company Warrants that will be reasonably acceptable to the Parent, and the Company will use its reasonable best efforts on or before April 30, 2006 to obtain the requisite approval of holders of the Company Warrants for approval of amendment or their election to exercise the Company Warrants effective on or before the Closing

ARTICLE VI

CONDITIONS TO THE TRANSACTION

6.1 Conditions to Obligations of Each Party to Effect the Merger. The respective obligations of each party to this Agreement to effect the Merger shall be subject to the satisfaction at or prior to the Closing Date of the following conditions:

(a) HSR Act; No Order. All specified waiting periods under the HSR Act shall have expired and no Governmental Entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which has the effect of making the Merger illegal or otherwise prohibiting consummation of the Merger, substantially on the terms contemplated by this Agreement.

(b) Stockholder Approval. The Parent Stockholder Approval shall have been duly approved and adopted by the stockholders of Parent by the requisite vote under the laws of the State of Delaware and the Parent Charter Documents and an executed copy of an amendment to Parent's Certificate of Incorporation shall have been filed with the Secretary of State of the State

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of Delaware to be effective as of the Closing. This Agreement shall have been duly approved and adopted by the stockholders of the Company by the requisite vote under the laws of the State of California and the Company Charter Documents.

(c) Parent Common Stock. Holders of twenty percent (20%) or more of the shares of Parent Common Stock issued in Parent's initial public offering of securities and outstanding immediately before the Closing shall not have exercised their rights to convert their shares into a pro rata share of the Trust Fund in accordance with Parent's Charter Documents

(d) Escrow Agreement. Parent, the Company, the Escrow Agent and the Representative shall have executed and delivered the Escrow Agreement.

6.2 Additional Conditions to Obligations of Company. The obligations of the Company to consummate and effect the Merger shall be subject to the satisfaction at or prior to the Closing Date of each of the following conditions, any of which may be waived, in writing, exclusively by the Company:

(a) Representations and Warranties. Each representation and warranty of Parent contained in this Agreement that is qualified as to materiality shall have been true and correct (i) as of the date of this Agreement and (ii) subject to the provisions of the last sentence of Section 5.16, on and as of the Closing Date with the same force and effect as if made on the Closing Date. Each representation and warranty of Parent contained in this Agreement that is not qualified as to materiality shall have been true and correct (i) in all material respects as of the date of this Agreement and (ii) subject to the provisions of the last sentence of Section 5.16, in all material respects on and as of the Closing Date with the same force and effect as if made on the Closing Date. The Company shall have received a certificate with respect to the foregoing signed on behalf of Parent by an authorized officer of Parent (“Parent Closing Certificate”).

(b) Agreements and Covenants. Parent shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date, except to the extent that any failure to perform or comply (other than a willful failure to perform or comply or failure to perform or comply with an agreement or covenant reasonably within the control of Parent) does not, or will not, constitute a Material Adverse Effect with respect to Parent, and the Parent Closing Certificate shall include a provision to such effect.

(c) No Litigation. No order shall have been entered to (i) prevent consummation of any of the transactions contemplated by this Agreement, or (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation.

(d) Consents. Parent shall have obtained all consents, waivers and approvals required to be obtained by Parent in connection with the consummation of the transactions contemplated hereby, other than consents, waivers and approvals the absence of which, either alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Parent and the Parent Closing Certificate shall include a provision to such effect.

(e) Material Adverse Effect. No Material Adverse Effect with respect to Parent shall have occurred since the date of this Agreement.

(f) Other Deliveries. At or prior to Closing, Parent shall have delivered to the Company (i) copies of resolutions and actions taken by Parent’s board of directors and stockholders in connection with the approval of this Agreement and the transactions contemplated hereunder, and (ii) such other documents or certificates as shall reasonably be required by the Company and its counsel in order to consummate the transactions contemplated hereunder.

(g) Opinion of Counsel. The Company shall have received from Mintz Levin, counsel to Parent, an opinion of counsel in substantially the form annexed hereto as Exhibit D.

(h) Trust Fund. Parent shall have made appropriate arrangements with Continental to have the Trust Fund disbursed to Parent immediately upon the Closing.

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(i) Parent Financing. Parent shall have entered into agreements sufficient, together with the cash in the Trust Fund, to pay the Total Merger Consideration.

(j) Stock Quotation or Listing. The Parent Common Stock at the Closing will be listed for trading on the AMEX or quoted for trading on NASDAQ, if the application for such listing is approved, and there will be no action or

proceeding pending or threatened against Parent to prohibit or terminate the listing of Parent Common Stock on the AMEX.

6.3 Additional Conditions to the Obligations of Parent. The obligations of Parent to consummate and effect the Merger shall be subject to the satisfaction at or prior to the Closing Date of each of the following conditions, any of which may be waived, in writing, exclusively by Parent:

(a) Representations and Warranties. Each representation and warranty of the Company contained in this Agreement that is qualified as to materiality shall have been true and correct (i) as of the date of this Agreement and (ii) subject to the provisions of the last sentence of Section 5.16, on and as of the Closing Date with the same force and effect as if made on the Closing Date. Each representation and warranty of the Company contained in this Agreement that is not qualified as to materiality shall have been true and correct (i) in all material respects as of the date of this Agreement and (ii) subject to the provisions of the last sentence of Section 5.16, in all material respects on and as of the Closing Date with the same force and effect as if made on the Closing Date. Parent shall have received a certificate with respect to the foregoing signed on behalf of the Company by an authorized officer of Company (“Company Closing Certificate”).

(b) Agreements and Covenants. The Company shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it at or prior to the Closing Date except to the extent that any failure to perform or comply (other than a willful failure to perform or comply or failure to perform or comply with an agreement or covenant reasonably within the control of Company) does not, or will not, constitute a Material Adverse Effect on the Company, and the Company Closing Certificate shall include a provision to such effect.

(c) No Litigation. No action, suit or proceeding shall be pending or threatened before any Governmental Entity which is reasonably likely to (i) prevent consummation of any of the transactions contemplated by this Agreement, (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation or (iii) affect materially and adversely the right of Parent to own, operate or control any of the assets and operations of the Surviving Corporation following the Merger and no order, judgment, decree, stipulation or injunction to any such effect shall be in effect.

(d) Appraisal Rights. Holders of no more than five percent (5%) of the shares of any class of securities of the Company outstanding immediately before the Effective Time shall have taken action to exercise their appraisal rights pursuant to Section 1301 of the CGCL.

(e) Consents. The Company shall have obtained all consents, waivers, permits and approvals required to be obtained by the Company in connection with the consummation of the transactions contemplated hereby, other than consents, waivers and approvals the absence of which, either alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Company and the Company Closing Certificate shall include a provision to such effect.

(f) Material Adverse Effect. No Material Adverse Effect with respect to the Company shall have occurred since the date of this Agreement.

(g) Opinion of Counsel. Parent shall have received from Manatt, Phelps & Phillips, LLP, counsel to the Company, an opinion of counsel substantially in the form annexed hereto as Exhibit E.

(h) Comfort Letters. Parent shall have received “comfort” letters in the customary form from Deloitte Touche, dated the date of distribution of the Proxy Statement and the Closing Date

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(or such other date or dates reasonably acceptable to Parent) with respect to certain financial statements and other financial information included in the Proxy Statement.

(i) Voting Agreements. Parent and certain of the Company's stockholders mutually identified by Parent and the Company shall have entered into the Voting Agreements in the form of Exhibit C, which shall be in full force and effect.

(j) Other Deliveries. At or prior to Closing, the Company shall have delivered to Parent: (i) copies of resolutions and actions taken by the Company's board of directors and stockholders in connection with the approval of this Agreement and the transactions contemplated hereunder, and (ii) such other documents and certificates as shall reasonably be required by Parent and its counsel in order to consummate the transactions contemplated hereunder.

(k) Resignations. The parties shall have agreed to the persons to be listed on Schedules 6.2(k) and 6.3(k) hereto and such persons shall have resigned from their positions and offices.

(l) Company Third Party Expenses. The Company shall have delivered to Parent the Statement of Expenses certified by the Chief Executive Officer of the Company setting forth the Company Third Party Expenses.

(m) Stockholder List. The Company shall have delivered to Parent, as of the Closing Date, a true and complete list of all holders of Company Capital Stock and all holders of Company Stock Options, Company Warrants and any other rights to purchase Company Capital Stock as of the Closing Date including the number of shares held at the Closing Date by each such holder and the address of each such holder certified by the Secretary of the Company.

(n) Company Schedule. The Company shall have delivered the Company Schedule, or portions thereof not delivered upon execution of this Agreement, which shall be satisfactory to Parent in its reasonable discretion.

(o) Employment Agreements. Employment Agreements between the Company and or Parent and current management of the Company as mutually agreed between the Company and Parent, in form reasonably satisfactory to the parties, shall have been executed and delivered.

(p) Representative. The Company shall have identified a Representative and caused the Representative to become a party to this Agreement and the Escrow Agreement.

(q) Warrants. On or before April 30, 2006, all Company Warrants shall have either been (i) amended in a manner reasonably acceptable to Parent or (ii) exercised (subject to the occurrence of the Closing).

ARTICLE VII

INDEMNIFICATION

7.1 Indemnification. (a) Subject to the terms and conditions of this Article VII (including, without limitation, the limitations set forth in Section 7.4), Parent and the Surviving Corporation and their respective representatives, successors and permitted assigns (the "Parent Indemnitees") shall have the right to recover from the Escrow Agent out of the Escrow Cash, any and all Losses asserted against, resulting to, imposed upon, or incurred by any Parent Indemnitee by reason of, arising out of or resulting from:

- (i) the inaccuracy or breach of any representation or warranty of Company contained in Article II of this Agreement, or any certificate delivered by the Company to Parent pursuant to this Agreement in connection with the Closing;
- (ii) the non-fulfillment or breach of any covenant or agreement of the Company contained in this Agreement; and
- (iii) any claim made by a Dissenter for an appraisal of the value of such Dissenting Shares pursuant to, and in accordance with, the provisions of the CGCL; provided, however, that in no

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event shall Parent be entitled to recover Losses for Dissenter claims from more than five percent (5%) of the shares of any class of securities of the Company outstanding immediately prior to the Effective Time.

(b) As used in this Article VII, the term “Losses” shall include all losses, liabilities, damages, judgments, awards, orders, penalties, settlements, costs and expenses (including, without limitation, interest, penalties, court costs and reasonable legal fees and expenses) including those arising from any demands, claims, suits, actions, costs of investigation, notices of violation or noncompliance, causes of action, proceedings and assessments whether or not made by third parties or whether or not ultimately determined to be valid. Solely for the purpose of determining the amount of any Losses (and not for determining any breach) for which any party may be entitled to indemnification pursuant to Article VII, any representation or warranty contained in this Agreement that is qualified by a term or terms such as “material,” “materially,” or “Material Adverse Effect” shall be deemed made or given without such qualification and without giving effect to such words. Losses shall not be reduced by any Tax benefits recognized by Parent as a result of the Losses nor by any insurance purchased by Parent to indemnify it for breaches of representations and warranties under this Agreement.

7.2 Indemnification of Third Party Claims. The indemnification obligations and liabilities under this Article VII with respect to actions, proceedings, lawsuits, investigations, demands or other claims brought against Parent by a Person other than the Company (a “Third Party Claim”) shall be subject to the following terms and conditions:

(a) Notice of Claim. Parent, acting through the Committee, will give the Representative prompt written notice after receiving written notice of any Third Party Claim or discovering the liability, obligation or facts giving rise to such Third Party Claim (a “Notice of Claim”) which Notice of Third Party Claim shall set forth (i) a brief description of the nature of the Third Party Claim, (ii) the total amount of the actual out-of-pocket Loss or the anticipated potential Loss (including any costs or expenses which have been or may be reasonably incurred in connection therewith), and (iii) whether such Loss may be covered (in whole or in part) under any insurance and the estimated amount of such Loss which may be covered under such insurance, and the Representative shall be entitled to participate in the defense of Third Party Claim at its expense.

(b) Defense. The Representative shall have the right, at its option (subject to the limitations set forth in subsection 7.2(c) below) at its own expense, by written notice to Parent, to assume the entire control of, subject to the right of Parent to participate (at its expense and with counsel of its choice) in, the defense, compromise or settlement of the Third Party Claim as to which such Notice of Claim has been given, and shall be entitled to appoint a recognized and reputable counsel reasonably acceptable to Parent to be the lead counsel in connection with such defense. If the Representative elects to assume the defense of a Third Party Claim:

- (i) the Representative shall diligently and in good faith defend such Third Party Claim and shall keep Parent reasonably informed of the status of such defense; provided, however, that in the case of any settlement providing for remedies other than monetary damages for which indemnification is provided, Parent shall have the right to approve the settlement, which approval will not be unreasonably withheld; and
- (ii) Parent shall cooperate fully in all respects with the Representative in any such defense, compromise or settlement thereof, including, without limitation, the selection of counsel, and Parent shall make available to the Representative all pertinent information and documents under its control.
- (c) **Limitations of Right to Assume Defense.** The Representative shall not be entitled to assume control of such defense if (i) the Third Party Claim relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation; (ii) the Third Party Claim seeks an injunction or equitable relief against Parent; or (iii) there is a reasonable probability that a Third Party Claim may materially and adversely affect Parent other than as a result of money damages or other money payments.
- (d) **Other Limitations.** Failure to give prompt Notice of Claim or to provide copies of relevant available documents or to furnish relevant available data shall not affect the

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Representative's duty or obligations under this Article VII, except to the extent (and only to the extent that) such failure shall have adversely affected the ability of the Representative to defend against or reduce any liability or caused or increased such liability or otherwise caused the damages claimed by Parent to be greater than such damages would have been had Parent given the Representative prompt notice hereunder. So long as the Representative is defending any such action actively and in good faith, Parent shall not settle such action. Parent shall make available to the Representative all relevant records and other relevant materials required by them and in the possession or under the control of Parent, for the use of the Representative and its representatives in defending any such action, and shall in other respects give reasonable cooperation in such defense.

- (e) **Failure to Defend.** If the Representative, promptly after receiving a Notice of Claim, fails to defend such Third Party Claim actively and in good faith, Parent will (upon further written notice) have the right to undertake the defense, compromise or settlement of such Third Party Claim as it may determine in its reasonable discretion, provided that the Representative shall have the right to approve any settlement, which approval will not be unreasonably withheld or delayed.
- (f) **Parent's Rights.** Anything in this Section 7.2 to the contrary notwithstanding, the Representative shall not, without the written consent of Parent, settle or compromise any action or consent to the entry of any judgment which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to Parent of a full and unconditional release from all liability and obligation in respect of such action without any payment by Parent.
- (g) **Representative Consent.** Unless the Representative has consented to a settlement of a Third Party Claim, the amount of the settlement shall not be a binding determination of the amount of the Loss and such amount shall be determined in accordance with the provisions of the Escrow Agreement, if applicable.

7.3 **Insurance Effect.** To the extent that any Losses that are subject to indemnification pursuant to this Article VII are covered by insurance other than any insurance purchased by Parent to indemnify it for breaches of representations

and warranties under this Agreement, Parent shall use commercially reasonable efforts to obtain the maximum recovery under such insurance; provided that Parent shall nevertheless be entitled to bring a claim for indemnification under this Article VII in respect of such Losses and the time limitations set forth in Section 7.4 hereof for bringing a claim of indemnification under this Agreement shall be tolled during the pendency of such insurance claim. The existence of a claim by Parent for monies from an insurer or against a third party in respect of any Loss shall not, however, delay any payment pursuant to the indemnification provisions contained herein and otherwise determined to be due and owing. If Parent has received the payment required by this Agreement from the Representative in respect of any Loss and later receives proceeds from insurance or other amounts in respect of such Loss, then it shall hold such proceeds or other amounts in trust for the benefit of the Former Stockholders and shall pay to the Representative, as promptly as practicable after receipt, a sum equal to the amount of such proceeds or other amount received, up to the aggregate amount of any payments received from the Escrow Account, if applicable, pursuant to this Agreement in respect of such Loss. Notwithstanding any other provisions of this Agreement, it is the intention of the parties that no insurer or any other third party shall be (i) entitled to a benefit it would not be entitled to receive in the absence of the foregoing indemnification provisions, or (ii) relieved of the responsibility to pay any claims for which it is obligated.

7.4 Limitations on Indemnification. (a) Survival: Time Limitation. The representations, warranties, covenants and agreements in this Agreement or in any writing delivered by the Company to Parent in connection with this Agreement (including the certificate required to be delivered by the Company pursuant to Section 6.3(a)) shall survive the Closing until one year after the Closing Date (the “Survival Period”). The indemnification and other obligations under this Article VII shall survive for the Survival Period and shall terminate with the expiration of such Survival Period, except that: (i) any claims for breach of representation or warranty made by a party hereunder by filing a demand for arbitration under Section 10.12 shall be preserved until final resolution thereof despite the

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subsequent expiration of the Survival Period and (ii) any claims set forth in a Notice of Claim sent prior to the expiration of such Survival Period shall survive until final resolution thereof. No claim for indemnification under this Article VII shall be first asserted after the end of the applicable Survival Period.

(b) Basket. No amount shall be payable under Article VII unless and until the aggregate amount of all indemnifiable Losses otherwise payable exceeds \$2,000,000 in the aggregate (the “Basket”), in which event the amount payable shall be for all such Losses (including all Losses included within the Basket). Notwithstanding anything contained herein to the contrary, the Basket will not be applicable to (i) claims related to Excess Third Party Expenses or (ii) claims arising from fraud, willful misrepresentation or willful misconduct. Only Losses in excess of \$25,000, individually or in the aggregate incurred as part of a series of related Losses (the “Materiality Threshold”) shall be included in determining whether the Basket has been satisfied. Losses below the Materiality Threshold shall in no event give rise to any indemnity rights in favor of Parent, even if the Basket is otherwise satisfied.

(c) Aggregate Amount Limitation. The aggregate liability for Losses pursuant to Section 7.1 shall not in any event exceed the Escrow Cash (the “Liability Cap”) and Parent shall have no claim against any of the Company stockholders other than for sole recourse to the Escrow Cash (including any earnings thereon); provided that such limitations shall not apply (i) in the case of claims arising from fraud, willful misrepresentation or willful misconduct, or (ii) to any Excess Third Party Expenses; provided further that in no event shall any such claim against any Former Stockholder exceed the aggregate Per Share Merger Consideration received by such Former Stockholder.

7.5 Exclusive Remedy. Parent hereby acknowledges and agrees that, from and after the Closing, its sole and exclusive remedy with respect to any and all claims, whether direct, third party or otherwise, for money damages arising out of or relating to this Agreement shall be pursuant and subject to the requirements of the indemnification provisions set forth in this Article VII.

7.6 Damages; Adjustment to Merger Consideration. Amounts paid for indemnification under Article VII shall reduce the Total Merger Consideration received by the Company's stockholders.

7.7 Representative Capacities; Application of Escrow Cash.

(a) The parties acknowledge that the Representative's obligations under this Article VII are solely as a representative of the Former Stockholders in the manner set forth in the Escrow Agreement with respect to the obligations to indemnify Parent under this Article VII and that the Representative shall have no personal responsibility for any expenses incurred by the Representative in such capacity and that all payments to Parent as a result of such indemnification obligations shall be made solely from, and to the extent of, the Escrow Cash. The parties further acknowledge that all actions to be taken by Parent pursuant to this Article VII shall be taken on its behalf by the Committee in accordance with the provisions of the Escrow Agreement. The Escrow Agent, pursuant to the Escrow Agreement after the Closing, may apply all or a portion of the Escrow Cash to satisfy any claim for indemnification pursuant to this Article VII. The Escrow Agent will hold the remaining portion of the Escrow Cash until final resolution of all claims for indemnification or disputes relating thereto.

(b) Escrow Agent shall release the Escrow Cash, or the remaining balance in the manner set forth in the Escrow Agreement, to the Former Stockholders on a pro-rata basis, subject to any amounts reserved (in the manner provided for in the following sentence) to address unresolved claims for indemnification submitted prior to the expiration of the Survival Period. To the extent that claims for indemnification submitted prior to the expiration of the Survival Period remain unresolved as of such date, the Escrow Agent shall reserve and not pay to the Former Stockholders an amount intended to satisfy such claims when finally resolved, which amount shall be determined in the following manner: (i) to the extent that the amount of the claim is included in the notice provided pursuant to 7.1 or 7.2, as the case may be, such amount plus an amount reasonably estimated by the Parent Indemnitees to provide reimbursement for costs and expenses incurred in resolving such claim shall be reserved until the final resolution and payment of such

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claim, and (ii) to the extent that the amount of the claim remains unknown, an amount reasonably estimated by the Parent Indemnitees as providing adequate recourse for satisfaction of the final amount of the claim, plus an amount reasonably estimated by the Parent Indemnitees to provide reimbursement for costs and expenses incurred in resolving such claim shall be reserved until the final resolution and satisfaction of such claim. As outstanding claims are resolved, reserves in excess of the amounts withheld with respect to all claims remaining unresolved shall be released to the Former Stockholders as provided for in this Section 7.7(b).

ARTICLE VIII

TERMINATION

8.1 Termination. This Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written agreement of Parent and the Company at any time;
- (b) by either Parent or the Company if the Proxy Statement shall not have been filed with the Securities and Exchange Commission on or before June 30, 2006;
- (c) by either Parent or the Company if a Governmental Entity shall have issued an order, decree or ruling or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger, which order, decree, ruling or other action is final and nonappealable;
- (d) by the Company, upon a material breach of any representation, warranty, covenant or agreement on the part of Parent 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 Article VI would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue, provided, that if such breach by Parent is curable by Parent prior to the Closing Date, then the Company may not terminate this Agreement under this Section 8.1(d) for thirty (30) days after delivery of written notice from the Company to Parent of such breach, provided Parent continues to exercise commercially reasonable efforts to cure such breach (it being understood that the Company may not terminate this Agreement pursuant to this Section 8.1(d) if it shall have materially breached this Agreement or if such breach by Parent is cured during such thirty (30) day period);
- (e) by the Company, if the Company's stockholders decline to approve the transactions contemplated by this Agreement, by giving Parent seven days prior written notice thereof;
- (f) by Parent, upon a material breach of any representation, warranty, covenant or agreement on the part of the Company 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 Article VI would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue, provided, that if such breach is curable by the Company prior to the Closing Date, then Parent may not terminate this Agreement under this Section 8.1(f) for thirty (30) days after delivery of written notice from Parent to the Company of such breach, provided the Company continues to exercise commercially reasonable efforts to cure such breach (it being understood that Parent may not terminate this Agreement pursuant to this Section 8.1(f) if it shall have materially breached this Agreement or if such breach by the Company is cured during such thirty (30) day period);
- (g) by either Parent or the Company, if, at the Parent Stockholders' Meeting, including any adjournments thereof), this Agreement and the transactions contemplated thereby shall fail to be approved and adopted by the affirmative vote of the holders of Parent Common Stock required under Parent's certificate of incorporation, or the holders of 20% or more of the number of shares of Parent Common Stock issued in Parent's initial public offering and outstanding as of the date of the record date of the Parent Stockholders' Meeting exercise their rights to convert the shares of Parent Common Stock held by them into cash in accordance with Parent's certificate of incorporation; or

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- (h) by either Parent or the Company if the Closing Date shall not have occurred by August 15, 2006.

8.2 Notice of Termination; Limited Remedy. Any termination of this Agreement under Section 8.1 above will be effective immediately upon (or, if the termination is pursuant to Section 8.1(d) or Section 8.1(e) and the proviso therein is applicable, thirty (30) days after) the delivery of written notice of the terminating party to the other parties

hereto. In the event of the termination of this Agreement as provided in Section 8.1, this Agreement shall be of no further force or effect and the Merger shall be abandoned, except for and subject to the following: (i) Sections 5.8, 5.16, 8.2, 8.3, 8.4 and Article X (General Provisions) shall survive the termination of this Agreement. The sole remedy of any party hereto for breach of this Agreement occurring prior to Closing by any other party hereto shall be limited to termination of this Agreement, and no party shall have any claim against the other for damages or equitable relief for breach of this Agreement occurring prior to the Closing; provided, however, that Parent shall retain the right to the Termination Fee on the terms and conditions set forth in Section 8.4. Notwithstanding the foregoing, the parties may sue for specific performance.

8.3 Fees and Expenses. Whether or not the Merger is consummated, all fees and expenses incurred in connection with the Merger including, without limitation, all legal, accounting, financial advisory, consulting and all other fees and expenses of third parties incurred by a party in connection with the negotiation and effectuation of the terms and conditions of this Agreement and the transactions contemplated hereby shall be the obligation of the respective party incurring such fees and expenses

8.4 Termination Fee. If (i) the Company terminates this Agreement under Section 8.1(e), (ii) the Parent terminates this Agreement under Section 8.1(f) or (iii) the Company fails to obtain approval of its stockholders for the adoption of this Agreement by April 30, 2006 and, within six months after the date of such termination or failure, the Company either enters into a definitive agreement to consummate, or consummates any of the following transactions (whether in a single transaction or series of transactions) (i) a sale by the Company of all substantially all of its assets or (ii) a sale of stock, merger, reorganization or other transaction that results in transfer of ownership of more than fifty percent of the capital stock of the Company outstanding on the date of termination of this Agreement, then the Company shall promptly pay to the Parent a fee in the amount of \$10,000,000 (the "Termination Fee"). The parties acknowledge and agree that the agreements set forth in this Section 8.4 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the Company and Parent would not have entered into this Agreement.

ARTICLE IX

DEFINED TERMS

Terms defined in this Agreement are organized alphabetically as follows, together with the Section and, where applicable, paragraph, number in which definition of each such term is located:

"Acquisition Proposal" Section 5.18

"affiliate" Section 10.2(f)

"Affiliate" Section 2.11

"Agreement" Heading; Section 1.2

"Approvals" Section 2.1(a)

"Audited Financial Statements" Section 2.7(a)

"Basket" Section 7.4(b)

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“Code” Section 1.6(e)

“Company” Heading

“Company Capital Stock” Section 1.5(a)

“Company Closing Certificate” Section 6.3(a)

“Company Common Stock” Recital B

“Company Contracts” Section 2.19(a)

“Company Employee Plan” Section 2.11

“Company Intellectual Property” Section 2.18

“Company-Operated Stores” Section 2.14(a)(ii)

“Company Option” Section 2.3(a)

“Company Preferred Stock” Recital B

“Company Products” Section 2.18

“Company Registered Intellectual Property” Section 2.18

“Company Schedule” Article II, Preamble

“Company Stock Option Plans” Section 1.5(c)

“Company Stockholder Approval” Section 5.2(a)

“Company Third Party Expenses” Section 5.22

“Company Warrants” Section 2.3(a).

“Continuing Employees” Section 5.19

“Continental” Section 1.10

“Corporate Records” Section 2.1(c)

“DOL” Section 2.11

“DGCL” Section 5.1(b)

“Disclosure Schedules” Section 5.16

“Dissenter” Section 1.13(a)

“Dissenting Shares” Section 1.13 (b)

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“Exchange Ratio” Section 5.18

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“FMLA” Section 2.11

“Franchised Property” Section 2.14(a)(i)

“Governmental Action/Filing” Section 2.21

“HIPPA” Section 2.11

“HSR Act” Section 2.5(b)

“Hazardous Substance” Section 2.16(c)

“Headquarters Lease” Section 2.14(a)(iii)

“IRS” Section 2.11

“Insider” Section 2.19(a)(ii)

“Insurance Policies” Section 2.20(a)

“Intellectual Property” Section 2.18

“International Employee Plan” Section 2.11

“knowledge” Section 10.2(d)

“Lease Documents” Section 2.14(d)

“Leased Real Property” Section 2.14(d)

“Legal Requirements” Section 10.2(b)

“Letter of Transmittal” Section 1.6(b)

“Liability Cap” Section 7.4(c)

“Lien” Section 10.2(e)

“Losses” Section 7.1(b)

“Material Adverse Effect” Section 10.2(a)

“Material Company Contracts” Section 2.19(a)

“Materiality Threshold” Section 7.4(b)

“Merger” Recital A

“Merger Agreement” Section 1.2

“Merger Form 8-K” Section 5.6(a)

“Merger Sub” Heading

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“PBGC” Section 2.11

“Parent” Heading

“Parent Closing Certificate” Section 6.2(a)

“Parent Indemnitees” Section 7.1

“Parent Plan” Section 5.1(a)

“Parent Schedule” Article III, Preamble

“Parent SEC Reports” Section 3.5

“Parent Stockholders’ Meeting” Section 2.24

“Parent Stockholder Approval” Section 5.1(a)

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“Real Property” Section 2.14(c)

“Registered Intellectual Property” Section 2.18

“Representative” Section 1.11(b)(i)

“Representative Account” Section 1.11(b)(ii)

“Requisite Former Stockholders” Section 1.11(b)(iv)

“Returns” Section 2.15(b)(i)

“Routine Operating Contracts” Section 2.19(a)

“Securities Act” Section 5.1

“Statement of Expenses” Section 5.22

“Subject Party” Section 5.8(b)(iii)

“Survival Period” Section 7.4(a)

“Surviving Corporation” Section 1.1

“Tax/Taxes” Section 2.15(a)

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ARTICLE X

GENERAL PROVISIONS

10.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial delivery service, or sent via telecopy (receipt confirmed) to the parties at the following addresses or telecopy numbers (or at such other address or telecopy numbers for a party as shall be specified by like notice):

if to Parent, to:

Services Acquisition Corp. International
401 East Olas Boulevard, Suite 1140
Fort Lauderdale, Florida 33301
Attention:
Telephone:
Facsimile:

with a copy to:

Kenneth R. Koch, Esq.
Mintz Levin Cohn Ferris Glovsky and Popeo, P.C.
666 Third Avenue
New York, New York 10017
Telephone: 212-935-3000
Facsimile: 212-983-3115

if to the Company to:

Jamba Juice Company.
1700 17th Street
San Francisco, California 94103
Attention: Michael Fox, Esq.
Telephone: (415) 865-1253
Facsimile: (415) 865-1294

with a copy to:

Manatt, Phelps & Phillips, LLP
11355 W. Olympic Boulevard
Los Angeles, California, 90064
Attention: Richard J. Maire, Jr., Esq.
Telephone: (310) 312-4168
Facsimile: (310) 312-4224

10.2 Interpretation. When a reference is made in this Agreement to an Exhibit or Schedule, such reference shall be to an Exhibit or Schedule to this Agreement unless otherwise indicated. When a reference is made in this Agreement to Sections or subsections, such reference shall be to a Section or subsection of this Agreement. Unless otherwise indicated the words “include,” “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation.” The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. When reference is made herein to “the business of” an entity, such reference shall be deemed to include the business of all direct and indirect subsidiaries of such entity. Reference to the subsidiaries of an entity shall be deemed to include all direct and indirect subsidiaries of such entity. For purposes of this Agreement:

(a) the term “Material Adverse Effect” when used in connection with an entity means any change, event, violation, inaccuracy, circumstance or effect, individually or when aggregated with other changes, events, violations, inaccuracies, circumstances or effects, that is materially adverse

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to the business, assets (including intangible assets), revenue, financial condition or results of operations of such entity, it being understood that none of the following alone or in combination shall be deemed, in and of itself, to constitute a Material Adverse Effect: (i) changes in general national or regional economic conditions, or (ii) any SEC rulemaking requiring enhanced disclosure of reverse merger transactions with a public shell.

(b) the term “Legal Requirements” means any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity;

(c) the term “Person” shall mean any individual, corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization, entity or Governmental Entity;

(d) the term “knowledge” (including any derivation thereof such as “known” or “knowing”) shall mean the actual knowledge of Paul Clayton, Donald Breen, Michael Andrews, Michael Fox, Beth Lombard, Russ Testa, Anne Kimball, Lucretia Cotton and Karen Kelly.

(e) the term “Lien” means any mortgage, pledge, security interest, encumbrance, lien, restriction or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any

sale with recourse against the seller or any affiliate of the seller, or any agreement to give any security interest);

(f) the term “affiliate” means, as applied to any Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with, such Person. For purposes of this definition, “control” (including with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, 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 the ownership of voting securities, by contract or otherwise; and

(g) all monetary amounts set forth herein are referenced in United States dollars, unless otherwise noted.

10.3 Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart. Delivery by facsimile to counsel for the other party of a counterpart executed by a party shall be deemed to meet the requirements of the previous sentence.

10.4 Entire Agreement; Third Party Beneficiaries. This Agreement and the documents and instruments and other agreements among the parties hereto as contemplated by or referred to herein, including the Schedules hereto (a) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; and (b) are not intended to confer upon any other person any rights or remedies hereunder (except as specifically provided in this Agreement).

10.5 Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

10.6 Other Remedies; Specific Performance. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of

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any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

10.7 Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of Delaware regardless of the law that might otherwise govern under applicable principles of conflicts of law thereof.

10.8 Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

10.9 Assignment. 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. Subject to the first sentence of this Section 10.9, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

10.10 Amendment. This Agreement may be amended by the parties hereto at any time by execution of an instrument in writing signed on behalf of each of the parties.

10.11 Extension; Waiver. At any time prior to the Closing, any party hereto may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. Delay in exercising any right under this Agreement shall not constitute a waiver of such right.

10.12 Dispute Resolution.

(a) In the event of a dispute hereunder or relating to the transactions contemplated hereby, including under or with respect to any of the agreements to be executed and delivered pursuant hereto, arbitration will be the sole and exclusive method of resolving the dispute, except that a party may seek a preliminary injunction, temporary restraining order, or other preliminary judicial relief if, in its judgment, the action is necessary to avoid irreparable damage or harm.

(b) The arbitrator will consist of any person who is mutually acceptable to the parties to the dispute. However, if the parties are unable to agree on a single arbitrator, an arbitration panel of three arbitrators will be selected as provided below. Each party (Parent and Merger Sub, on the one hand, and Company and the Former Stockholders through the Representative, on the other hand), shall select one arbitrator, within 10 days from the date one party advises the other party that it cannot agree on a single arbitrator, and the third arbitrator shall be selected by the two chosen by the parties within 10 days of such two arbitrators being chosen. Every arbitrator must be independent (not a party to this Agreement or a lawyer or relative to a party to this Agreement or an agent, officer, director, employee, shareholder or affiliate of a party to or a relative of any of those persons) without any economic or financial interest of any kind in the outcome of the arbitration. Each arbitrator's conduct will be governed by the rules of the American Arbitration Association. The arbitration will be conducted in Wilmington, Delaware, in accordance with the rules of the American Arbitration Association and the discovery rules of the Delaware Rules of Civil Procedure. The arbitrator or arbitration panel will use reasonable best efforts to cause the arbitration to be concluded as soon as practicable. The arbitrators shall not be empowered to award punitive damages. The arbitrator's or

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arbitrators' fees shall be shared equally by the parties unless the arbitrator or arbitration panel shall determine that the nonprevailing party in such arbitration shall pay the entire or a disproportionate amount of such fees.

(c) The arbitrator or a majority of the arbitration panel shall render its decision in writing within thirty (30) days after the conclusion of the hearing. The decision of the arbitrator arbitration panel will be final, binding and conclusive as to all the parties and the decision of the arbitrator or arbitration panel will not be subject to appeal, review or re-examination, except for willful misconduct by an arbitrator that prejudices the rights of any party to the arbitration. Any party may enforce the arbitration award in any state or federal court located in the State of Delaware.

(d) The prevailing party in any dispute shall be entitled to recover from the other party all of its costs and expenses incurred in connection with the enforcement of its rights hereunder or thereunder, including reasonable attorneys' and paralegals' fees and costs incurred before and at arbitration, at any other proceeding, at all tribunal levels and whether or not suit or any other proceeding is brought.

(e) In the case of any dispute involving the holders of Company Capital Stock and/or holders of any Company Stock Options after the Closing Date, the Representative shall have all absolute and sole authority acting in its sole and absolute discretion and judgment to act on behalf of and bind all of the stockholders and/or holders of any Company Stock Options, on all matters directly or indirectly related to or arising under this Agreement and the Escrow Agreement or any other agreement or matter related thereto. By execution of this Agreement, the Representative agrees to be bound by and comply with all of the terms of this Agreement and the Escrow Agreement as if a signatory thereto.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

SERVICES ACQUISITION CORP.
INTERNATIONAL

By: /s/ Steven R. Berrard
Title: Chairman

JJC ACQUISITION COMPANY

By: /s/ Thomas E. Aucamp
Title: President

JAMBA JUICE COMPANY

By: /s/ Paul E. Clayton
Title: President

By: /s/ Michael Fox
Title: Secretary

Representative

By:

Title:

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EXHIBIT C

Form of Voting Agreement

EXHIBIT D

Form of Mintz Levin Legal Opinion

EXHIBIT E

Form of Manatt Phelps Legal Opinion

SCHEDULES

SCHEDULE 2

Company Schedule

SCHEDULE 3

Parent Schedule

SCHEDULE 5.3

Officers and Directors

SCHEDULE 6.2(k)

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SCHEDULE 2

COMPANY SCHEDULE

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SCHEDULE 3

PARENT SCHEDULE

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SCHEDULE 5.3

DIRECTORS AND OFFICERS OF PARENT AND THE COMPANY

From and after the Closing, the following persons will be the Directors and Officers of Parent and the Company:

1. PARENT

Directors

Steve Berrard, Tom Byrne, Paul Clayton and such other existing Company Board members and new outside directors as the parties may agree.

Officers

Chief Executive Officer and President — Paul Clayton

Chief Financial Officer — Donald Breen

1. COMPANY

Directors

Steve Berrard, Tom Byrne, Paul Clayton and such other existing Company Board members and new outside directors as the parties may agree.

Officers

Chief Executive Officer and President — Paul Clayton

Chief Financial Officer — Donald Breen

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SCHEDULE 6.2(h)

PARENT RESIGNATIONS

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SCHEDULE 6.3(k)

COMPANY RESIGNATIONS

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ANNEX B

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this “**Agreement**”) is dated as of March , 2006, among Services Acquisition Corp. International, a Delaware corporation (the “**Company**”), and the purchasers identified on the signature pages hereto (each, an “**Purchaser**” and collectively, the “**Purchasers**”).

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act (as defined below) and Rule 506 promulgated thereunder, the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company certain securities of the Company, as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and the Purchasers agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms shall have the meanings indicated in this Section 1.1:

“**Action**” means any action, suit, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition) or investigation pending or threatened in writing against or affecting the Company, the Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency, regulatory authority (federal, state, county, local or foreign), stock market, stock exchange or trading facility.

“**Affiliate**” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144.

“**Business Day**” means any day except Saturday, Sunday and any day which shall be a federal legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“**Closing**” means the closing of the purchase and sale of the Shares pursuant to Section 2.1.

“**Closing Date**” means the date of the Closing, which date shall be the same day upon which the closing of the Tornado Transaction occurs, following the satisfaction of each of the conditions applicable to the Closing as set forth in Section 2.2 hereof.

“**Commission**” means the Securities and Exchange Commission.

“**Common Stock**” means the common stock of the Company, \$0.001 par value per share, and any securities into which such common stock may hereafter be reclassified.

“**Common Stock Equivalents**” means any securities of the Company or the Subsidiary which entitle the holder thereof to acquire Common Stock at any time, including without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“**Company Counsel**” means Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

“**Effective Date**” means the date that the Registration Statement is first declared effective by the Commission.

“**Escrow Agent**” shall have the meaning set forth in the Escrow Agreement.

“**Escrow Agreement**” shall mean the Escrow Agreement in substantially the form of Exhibit B hereto executed and delivered contemporaneously with this Agreement.

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“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Investment Amount**” means, with respect to each Purchaser, the investment amount indicated below such Purchaser’s name on the signature page of this Agreement.

“Tornado” has the meaning ascribed to such term in the definition of the Tornado Transaction.

“**Tornado Merger Agreement**” has the meaning ascribed to such term in the definition of Tornado Transaction.

“**Tornado Transaction**” means the merger of the Company previously confidentially disclosed to the Purchasers (“Tornado”) with and into an acquisition subsidiary (the “Subsidiary”) of the Company pursuant to a Agreement and Plan of Merger by and among the Company, Tornado, and certain stockholders of Tornado (as so amended, the “Tornado Merger Agreement”). The Tornado Transaction may also be referred to herein as the “Merger.”

“**Lien**” means any lien, charge, encumbrance, security interest, right of first refusal, preemptive right or other restrictions of any kind.

“**Per Share Purchase Price**” equals \$7.50.

“**Person**” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“**Proceeding**” means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“**Registration Rights Agreement**” means the Registration Rights Agreement, dated as of the date of this Agreement, among the Company and the Purchasers, in the form of Exhibit A hereto.

“**Registration Statement**” means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale by the Purchasers of the Shares.

“**Rule 144**” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“**SEC Reports**” shall have the meaning ascribed to such term in Section 3.1(h).

“**Securities**” means the Shares.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Shares**” means the shares of Common Stock issued or issuable to the Purchasers pursuant to this Agreement.

“**Subsidiary**” means the subsidiary formed by the Company for the purpose of effecting the Merger.

“**Trading Day**” means (i) a day on which the Common Stock is traded on a Trading Market, or (ii) if the Common Stock is not listed on a Trading Market, a day on which the Common Stock is traded in the over-the-counter market is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding to its functions of reporting prices); provided, that in the event that the Common Stock is not listed or quoted as set forth in (i) or (ii) hereof, then Trading Day shall mean a Business Day.

“**Trading Market**” means whichever of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market on which the Common Stock is listed or quoted for trading on the date in question.

“**Transaction Documents**” means this Agreement, the Escrow Agreement, the Registration Rights Agreement, and any other documents or agreements executed in connection with the transactions contemplated hereunder.

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ARTICLE II.
PURCHASE AND SALE

2.1 Closing; Escrow.

(a) Subject to the terms and conditions set forth in this Agreement, at the Closing the Company shall issue and sell to each Purchaser, and each Purchaser shall, severally and not jointly, purchase from the Company, the Shares representing such Purchaser's Investment Amount. No later than three (3) Business Days following the satisfaction of each of the applicable conditions set forth in Section 2.2, the Closing shall occur at the offices of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., 666 Third Avenue, New York, NY 10017 or at such other location or time as the parties shall mutually agree.

(b) On or prior to the fifth Business Day prior to the date of the Company's meeting of stockholders to approve, among other things, the Tornado Transaction, each Purchaser shall deliver its Investment Amount, in United States dollars and in immediately available funds, to Continental Stock Transfer and Trust Company, as escrow agent (the "Escrow Agent") in accordance with the wire instructions set forth below:

[WIRE INSTRUCTIONS TO BE PROVIDED SUPPLEMENTALLY]

(c) All payments made by each Purchaser as contemplated by Section 2.1(b) above will be held by the Escrow Agent for each Purchaser's benefit in an interest bearing escrow account. Such moneys placed in the escrow account shall be disbursed by the Escrow Agent either (i) to the Company upon the consummation of the Tornado Transaction or (ii) back to the Purchasers in each Purchaser's Investment Amount in the event that the Tornado Transaction is not consummated, in accordance with the terms of the Escrow Agreement, attached hereto as Exhibit B.

(d) Notwithstanding the foregoing, the Company may permit payment for the Shares against delivery for those Purchasers whose organizational or other applicable documents or internal procedures require "delivery against payment" or such similar provision.

2.2 Closing Conditions. (a) At the Closing, the Company shall deliver or cause to be delivered to each Purchaser the following:

- (i) a certificate evidencing a number of Shares registered in the name of such Purchaser or a book-entry transfer of the Shares to such Purchaser equal to such Purchaser's Investment Amount divided by the Per Share Purchase Price;
- (ii) the legal opinion of Company Counsel, in agreed form attached as Exhibit C, addressed to the Purchasers;
- (iii) the Escrow Agreement, duly executed by the Company; and
- (iv) the Registration Rights Agreement, duly executed by the Company.

(b) At the Closing, each Purchaser shall deliver or cause to be delivered to the Company the following:

- (i) the Escrow Agreement, duly executed by such Purchaser; and
- (ii) the Registration Rights Agreement, duly executed by such Purchaser.

(c) The obligations of each party at the Closing to consummate the transactions contemplated at such Closing shall be subject to the fulfillment, or waiver by the parties, of each of the following conditions:

- (i) from the date hereof to the Closing Date, trading in the Common Stock shall not have been suspended by the Commission (except for any suspension of trading of limited duration agreed to by the Company, which suspension shall be terminated prior to the Closing), and, at any time prior to the Closing Date, trading in securities generally as reported by Bloomberg Financial Markets shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported by such service, or on any Trading Market, nor shall a banking moratorium have been declared either by the United States or New York State authorities;

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- (ii) the approval of the Company's stockholders of the issuance of the Shares shall have been obtained; and
- (iii) on or prior to the Closing Date, the Tornado Transaction shall have been approved by the Company's stockholders and Tornado's stockholders and shall have closed.
- (d) The respective obligations of the Purchasers at the Closing to consummate the transactions contemplated at such closing shall be subject to the fulfillment, or waiver by the Purchasers, of the following conditions:
 - (i) all representations and warranties of the Company contained herein shall remain true and correct in all material respects as of the Closing Date, as if made at and as of the Closing Date, and the Company shall deliver a certificate by an appropriate officer to such effect;
 - (ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed in all material respects;
 - (iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement;
 - (iv) there shall have been no Material Adverse Effect with respect to the Company since the date hereof;
 - (v) the execution and delivery of each of the Transaction Documents by the Company and the Subsidiary and the consummation by it of the transactions contemplated thereby (i) do not violate, conflict with or result in a violation of, or constitute a default (whether after the giving of notice, lapse of time or both) under, any provision of any law, regulation or rule, or any order of, or any restriction imposed by, any court or U.S. state or federal or foreign governmental agency or authority, or self-regulatory organization (any, a "**Governmental Authority**"), including without limitation the Financial Services Authority, the Securities and Exchange Commission, the Commodities Futures Trading Commission, the National Association of Securities Dealers (the "**NASD**") and the National Futures Association (the "**NFA**"), applicable to the Company and (ii) do not require from the Company or the Subsidiary any notice to, declaration or filing with, or consent or approval of any Governmental Authority or other third party, except for the approval of the Company's stockholders and as set forth in Schedule 2.2(d)(v);
 - (vi) no court, arbitrator or Governmental Authority shall have issued any order restraining the consummation of the transactions contemplated by this Agreement, and no proceeding challenging this Agreement or the transactions contemplated hereby or seeking to prohibit or materially delay the Closing shall have been instituted by any Person before any court, arbitrator or Governmental Authority and be pending; and
 - (vii) Purchasers shall have in the aggregate purchased Shares for a total Investment Amount of at least \$150 million.
- (e) The obligations of the Company at the Closing to consummate the transactions contemplated at such closing shall be subject to the fulfillment, or waiver by the Company, of the conditions that all representations and warranties of the Purchasers contained herein shall remain true and correct in all material respects as of the Closing Date, as if made at and as of the Closing Date (except as affected by the Tornado Transaction), and the Purchasers shall have performed all of their covenants and agreements to be performed on or prior to the Closing Date.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. Except as set forth under the corresponding section of the Disclosure Schedules, which Disclosure Schedules shall be deemed a part hereof, the Company hereby makes the following representations and warranties to each Purchaser:

(a) Subsidiaries. Except for the Subsidiary, the Company has no direct or indirect subsidiaries. The Company owns, directly or indirectly, all of the capital stock of the Subsidiary free and clear of any and all Liens, and all the issued and outstanding shares of capital stock of the Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights.

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(b) Organization and Qualification. Each of the Company and the Subsidiary is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor the Subsidiary is in violation of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiary is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not, individually or in the aggregate, have or reasonably be expected to result in (i) an adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material and adverse effect on the results of operations, assets, business, or condition (financial or otherwise) of the Company and the Subsidiary, taken as a whole, or (iii) an adverse impairment to the Company's ability to perform on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority, and has taken all requisite corporate action, other than as set forth in Section 2.2(c) with respect to the need for stockholder approval of the issuance of the Shares in compliance with the rules of the American Stock Exchange, to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company in connection therewith. Each Transaction Document has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, and (iii) as limited by public policy.

(d) No Conflicts. Other than as set forth in Section 2.2(c) with respect to the need for stockholder approval of the issuance of the Shares, the execution, delivery and performance of the Transaction Documents by the Company and

the consummation by the Company of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of the Company's or the Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or the Subsidiary is a party or by which any property or asset of the Company or the Subsidiary is bound or affected, or (iii) result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or the Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or the Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. Other than as set forth in Section 2.2(c) with respect to the need for stockholder approval of the issuance of the Shares, the Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or

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registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than (i) the filing with the Commission of the Registration Statement in accordance with the requirements of the Registration Rights Agreement, (ii) the filing of Form D with the Commission and such filings required by state securities laws, which the Company will promptly and timely, and in any event prior to the Effectiveness Date under the Registration Statement, make, (iii) the application(s) to each Trading Market for the listing of the shares of Common Stock to be sold hereunder for trading thereon in the time and manner required thereby, (iv) the filings required in accordance with Section 4.4, and (v) such other filings as may be required following the Closing Date under the Securities Act and the Exchange Act.

(f) Issuance of the Securities. The Shares have been duly authorized and, when issued and paid for in accordance with the Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens. The Company has reserved from its duly authorized capital stock all of the Shares issuable pursuant to this Agreement.

(g) Capitalization. The capitalization of the Company conforms as to legal matters to the description thereof contained in the Company's most recent periodic report filed with the Commission. No securities of the Company are entitled to preemptive or similar rights, and no Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as a result of the purchase and sale of the Shares, the shares of Common Stock and options or warrants to purchase shares of Common Stock to be issued to stockholders, optionholders and warrant holders of Tornado pursuant to the Tornado Merger Agreement, and except as described in the SEC Reports, there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of Common Stock, or contracts, commitments, understandings or arrangements by which the Company or the Subsidiary is or may become bound to issue additional shares of Common Stock, or securities or rights convertible or exchangeable into, or exercisable for, shares of Common Stock. The issue and sale

of the Shares will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Purchasers) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under such securities. All of the outstanding shares of capital stock of the Company are validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. Other than as set forth in Section 2.2(c) with respect to the need for stockholder approval of the issuance of the Shares, no further approval or authorization of any stockholder, the Board of Directors of the Company or others is required for the issuance and sale of the Shares. Except as disclosed in the SEC Filings, there are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders.

(h) SEC Reports; Financial Statements. The Company and the Subsidiary have filed all reports, registrations, schedules, forms, statements and other documents required to be filed by it under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, or with any Governmental Authority, for the twelve months preceding the date hereof (or such shorter period as the Company or the Subsidiary was required by law to file such reports) (the foregoing materials being collectively referred to herein as the "SEC Reports" and, together with the Schedules to this Agreement (if any), the "Disclosure Materials") on a timely basis or has timely filed a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the Commission promulgated thereunder, and the

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rules and regulations of any other Governmental Authority with which the SEC Reports were made or should have been made, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved ("GAAP"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in the SEC Reports, (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or required to be disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting or the identity of its auditors, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its

capital stock, and (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement and the contemplated Tornado Transaction or as set forth on Schedule 3.1(i), no event, liability or development has occurred or exists with respect to the Company or the Subsidiary or their respective business, properties, operations or financial condition, that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made that has not been publicly disclosed one (1) Trading Day prior to the date that this representation is made.

(j) **Litigation.** There is no Action which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Shares or (ii) except as set forth in the SEC Reports, could, if there were an unfavorable decision, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor the Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or the Subsidiary or any current or former director or officer of the Company or the Subsidiary. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or the Subsidiary under the Exchange Act or the Securities Act.

(k) **Compliance.** Neither the Company nor the Subsidiary (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or the Subsidiary under), nor has the Company or the Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any order of any court, arbitrator or

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governmental body, or (iii) is or has been in violation of any statute, rule or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws applicable to its business, except in each case as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(l) **Regulatory Permits.** The Company and the Subsidiary possess all certificates, authorizations, licenses, registrations and permits issued by any Governmental Authority which are necessary to conduct their respective businesses as described in the SEC Reports, except where the failure to possess such permits would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect (‘**Material Permits**’), and neither the Company nor the Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(m) **Transactions With Affiliates and Employees.** Except as set forth in the SEC Reports, none of the officers or directors of the Company and, to the knowledge of the Company, none of the employees of the Company is presently a party to any transaction with the Company or the Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such

employee has a substantial interest or is an officer, director, trustee or partner.

(n) Sarbanes-Oxley; Internal Accounting Controls. The Company and the Subsidiary are in material compliance with all provisions of the Sarbanes-Oxley Act of 2002 which are applicable to it as of the Closing Date. The Company and the Subsidiary maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15d-15) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company, including its Subsidiary, is made known to the certifying officers by others within those entities, particularly during the period in which the Company's Form 10-K or 10-Q, as the case may be, is being prepared. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of the end of the Company's most recently ended fiscal quarter (such date, the "**Evaluation Date**"). The Company presented in its most recently filed Form 10-Q the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no significant changes in the Company's internal controls (as such term is defined in Item 307(b) of Regulation S-K under the Exchange Act) or, to the Company's knowledge, in other factors that could significantly affect the Company's internal controls.

(o) Private Placement. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer and sale of the Shares by the Company to the Purchasers as contemplated hereby. Upon satisfaction of the condition set forth in Section 2.2(c) hereof with respect to stockholder approval of the issuance of the Shares, the issuance and sale of the Shares hereunder will not contravene the rules and regulations of the Trading Market.

(p) Listing and Maintenance Requirements. The Company's Common Stock is registered pursuant to Section 12(g) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of terminating the registration of the Common Stock under the Exchange Act. Except as specified in the SEC Reports, the Company

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has not, in the two years preceding the date hereof, received notice from any Trading Market to the effect that the Company is not in compliance with the listing or maintenance requirements thereof. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with the listing and maintenance requirements for continued listing of the Common Stock on the applicable Trading Market, including the Eligibility Rules thereunder. Upon satisfaction of the condition set forth in Section 2.2(c) hereof with respect to stockholder approval of the issuance of the Shares, the issuance and sale of the Shares under the Transaction Documents does not contravene the rules and regulations of the Trading Market on which the Common Stock is currently listed or quoted.

(q) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Shares, will not be an Affiliate of, an "investment company" within the meaning of the Investment Company Act

of 1940, as amended. The Company and the Subsidiary shall conduct their business in a manner so that they will not become subject to the Investment Company Act, as amended.

(r) **Registration Rights.** Other than each of the Purchasers, and as disclosed in SEC filings, no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company.

(s) **No Integrated Offering.** Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, neither the Company, nor any of its affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Shares to be integrated with prior offerings by the Company for purposes of the Securities Act any state securities law or any applicable shareholder approval provisions, including, without limitation, under the rules and regulations of any Trading Market on which any of the securities of the Company are listed or designated.

(t) **Form S-3 Eligibility.** The Company expects to be eligible by July 7, 2006, to register the resale of the Shares for resale by the Purchasers on Form S-3 promulgated under the Securities Act.

(u) **Tax Status.** Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Company Material Adverse Effect, the Company and the Subsidiary have filed all necessary federal, state and foreign income and franchise tax returns and has paid or accrued all taxes shown as due thereon, and the Company has no knowledge of a tax deficiency which has been asserted or threatened against the Company or any Subsidiary.

(v) **Tornado.** To the Company's knowledge, all of the representations and warranties of Tornado contained in the Tornado Merger Agreement or any other agreement, instrument or document entered into by Tornado in connection with the Tornado Transaction are true and correct in all material respects, and no event, condition or circumstance has occurred or exists that, individually or in the aggregate, has resulted, or could reasonably be expected to result (i) in a breach or inaccuracy of any of the representations or warranties of Tornado contained in the Tornado Merger Agreement or in any other agreement, instrument or document entered into by Tornado in connection with the Tornado Merger Agreement or (ii) in a material adverse effect on the results of operations, assets, business or financial condition of Tornado. The Company has not agreed to any amendments of, or any amendment to or waiver of any of its rights or any of the conditions to closing contained in, the Tornado Merger Agreement or any other agreement, instrument or document entered into by the Company with respect to the Tornado Transaction.

3.2 Representations and Warranties of the Purchasers. Each Purchaser hereby, for itself and for no other Purchaser, represents and warrants as of the date hereof and as of the Closing Date to the Company as follows:

(a) **Organization; Authority.** Such Purchaser is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with the requisite corporate or partnership power and authority to enter into and to consummate the transactions

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contemplated by the applicable Transaction Documents and otherwise to carry out its obligations thereunder. The execution, delivery and performance by such Purchaser of the transactions contemplated by this Agreement has been duly authorized by all necessary corporate or, if such Purchaser is not a corporation, such partnership, limited liability

company or other applicable like action, on the part of such Purchaser. Each of this Agreement and the Registration Rights Agreement has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights generally and (ii) as limited by equitable principles generally.

(b) Investment Intent. Such Purchaser understands that the Shares are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Shares as principal for its own account for investment purposes only and not with a present view to or for distributing or reselling such Shares or any part thereof, has no present intention of distributing any of such Shares and has no arrangement or understanding with any other person or persons regarding the distribution of such Shares (this representation and warranty not limiting such Purchaser's right to sell the Shares pursuant to the Registration Statement or otherwise in compliance with applicable federal and state securities laws). Such Purchaser has not engaged, during the one month prior to the date of this Agreement, in any short sales with respect to the Common Stock. The Purchaser further represents that, between the time it became aware of the transactions contemplated by this Agreement and the public announcement of this Agreement or the termination hereof, it has not engaged and will not engage in any trades, whether purchases, sales, short sales or otherwise, with respect to the Common Stock.

(c) Purchaser Status/Residence. At the time such Purchaser was offered the Shares, it was, and at the date hereof it is (a) an "accredited investor" as defined in Rule 501(a) under the Securities Act, and/or (b) a "qualified institutional buyer" as defined in Rule 144A under the Securities Act. Such Purchaser is not a registered broker-dealer under Section 15 of the Exchange Act. Each Purchaser represents that, to the extent that he or she is an individual, that he or she is a resident of the state set forth opposite his or her name on signature page, and, to the extent that it is an organizational entity, they it has been organized under the laws of the state or country set forth opposite its name on signature page.

(d) Experience of Such Purchaser. Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Shares, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Shares and is able to afford a complete loss of such investment .

(e) General Solicitation. Such Purchaser is not purchasing the Shares as a result of any advertisement, article, notice or other communication regarding the Shares 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.

(f) Access to Information. Such Purchaser acknowledges that it has reviewed the Disclosure Materials and has been afforded (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Shares and the merits and risks of investing in the Shares; (ii) access to information about the Company and the Subsidiary and their respective financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment. Neither such inquiries nor any other investigation conducted by or on behalf of such

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Purchaser or its representatives or counsel shall modify, amend or affect such Purchaser's right to rely on the truth, accuracy and completeness of the Disclosure Materials and the Company's representations and warranties contained in the Transaction Documents.

- (g) Independent Investment Decision. Such Purchaser has independently evaluated the merits of its decision to purchase Shares pursuant to this Agreement, such decision has been independently made by such Purchaser and such Purchaser confirms that it has only relied on the advice of its own business and/or legal counsel and not on the advice of any other Purchaser's business and/or legal counsel in making such decision.
- (h) No Tax or Legal Advice. Such Purchaser understands that nothing in this Agreement, any other Transaction Document or any other materials presented to such Purchaser in connection with the purchase and sale of the Shares constitutes legal, tax or investment advice. Such Purchaser has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of Shares.
- (i) Short Sales. Each Purchaser represents that from the date that it was approached to participate in the transaction contemplated by this Agreement through the Closing Date, neither it nor its affiliates have engaged in any trades with respect to, or made any net Short Sales of, or granted any option for the purchase of or entered into any hedging or similar transaction with the same economic effect as a net Short Sale of the Common Stock. For the purposes of this Agreement, "Short Sale" by a Purchaser means a sale of Common Stock that is marked as a short sale and that is executed at a time when such Purchaser has no equivalent offsetting long position in the Common Stock, exclusive of the Shares. For purposes of determining whether a Purchaser has an equivalent offsetting long position in the Common Stock, all Common Stock that would be issuable upon exercise in full of all options then held by such Purchaser (assuming that such options were then fully exercisable, notwithstanding any provisions to the contrary, and giving effect to any exercise price adjustments scheduled to take effect in the future) shall be deemed to be held long by such Purchaser.

The Company acknowledges and agrees that each Purchaser does not make or has not made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Section 3.2.

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer.

- (a) Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of the Shares other than pursuant to an effective registration statement or Rule 144, to the Company, to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Shares under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights of a Purchaser under this Agreement and the Registration Rights Agreement.
- (b) Certificates evidencing the Shares will contain the following legend, until such time as they are not required under Section 4.1(c):

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE

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REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT SECURED BY SUCH SECURITIES.

The Company acknowledges and agrees that a Purchaser may from time to time pledge, and/or grant a security interest in some or all of the Shares pursuant to a bona fide margin agreement in connection with a bona fide margin account and, if required under the terms of such agreement or account, such Purchaser may transfer pledged or secured Shares to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval or consent of the Company and no legal opinion of legal counsel to the pledgee, secured party or pledgor shall be required in connection with the pledge, but such legal opinion may be required in connection with a subsequent transfer following default by the Purchaser transferee of the pledge. No notice shall be required of such pledge. At the appropriate Purchaser’s expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Shares may reasonably request in connection with a pledge or transfer of the Shares including the preparation and filing of any required prospectus supplement under Rule 424(b)(3) of the Securities Act or other applicable provision of the Securities Act to appropriately amend the list of Selling Stockholders thereunder.

(c) Certificates evidencing the Shares shall not contain any legend (including the legend set forth in Section 4.1(b)): (i) on the Effective Date, or (ii) following a sale of such Shares pursuant to an effective registration statement (including the Registration Statement) so long as the purchaser of the Shares is not an Affiliate of the Company, or (iii) following a sale of such Shares pursuant to Rule 144, or (iv) while such Shares are eligible for sale under Rule 144(k), or (v) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the Staff of the Commission) provided in the case of (v), however, that the beneficial owner of the Shares is not an Affiliate of the Company. Following such time as restrictive legends are not required to be placed on certificates representing Shares under this Section 4.1(c), the Company will, not later than three Trading Days following the delivery by a Purchaser to the Company or the Company’s transfer agent of a certificate representing such Shares containing a restrictive legend (such third Trading Day, the “**Legend Removal Date**”), deliver or cause to be delivered to such Purchaser a certificate representing such Shares that is free from all restrictive and other legends. The Company may not make any notation on its records or give instructions to any transfer agent of the Company that enlarge the restrictions on transfer set forth in this Section. Certificates for Shares subject to legend removal hereunder shall be transmitted by the transfer agent of the Company to the Purchasers by crediting the account of the Purchaser’s prime broker with the Depository Trust Company System.

(d) Each Purchaser, severally and not jointly with the other Purchasers, agrees that the removal of the restrictive legend from certificates representing Shares as set forth in this Section 4.1 is predicated upon the Company’s reliance that the Purchaser will sell any Shares pursuant to either the registration requirements of the Securities Act, including

any applicable prospectus delivery requirements, or an exemption therefrom.

4.2 **Furnishing of Information.** As long as any Purchaser owns the Shares, the Company covenants to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act. As long as any Purchaser owns Shares, if the Company is not required to file reports pursuant to such laws, it will prepare and furnish to the Purchasers and make publicly available in accordance with Rule 144(c) such information as is required for the Purchasers to sell such Shares under Rule 144. The Company further covenants that it will take such further action as any holder of Shares may reasonably request, all to the extent required from time to time to enable such Person to sell such Shares without registration under the Securities Act within the limitation of the exemptions provided by Rule 144.

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4.3 **Integration.** The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Shares in a manner that would require the registration under the Securities Act of the sale of the Shares to the Purchasers, or that would be integrated with the offer or sale of the Shares for purposes of the rules and regulations of any Trading Market.

4.4 **Securities Laws Disclosure; Publicity.** By 8:30 a.m. (New York time) on the second Business Day following the date of this Agreement, the Company shall issue a press release reasonably acceptable to the Purchasers disclosing the transactions contemplated hereby and file a Current Report on Form 8-K disclosing the material terms of the transactions contemplated hereby. In addition, the Company will make such other filings and notices in the manner and time required by the Commission and the Trading Market on which the Common Stock is listed. Notwithstanding the foregoing, nothing herein shall prevent the Company from selling Shares to additional purchasers, provided that, the Company shall make the filings and disclosures as required by this Section 4.4.

4.5 **Non-Public Information.** The Company covenants and agrees that, following the termination of the existing confidentiality agreements between the Company and the Purchasers, neither it nor any other Person acting on its behalf will provide any Purchaser or its agents or counsel with any information that the Company believes constitutes material non-public information, unless prior thereto such Purchaser shall have executed a written agreement regarding the confidentiality and use of such information. The Company understands and confirms that each Purchaser shall be relying on the foregoing representations in effecting transactions in securities of the Company. A definitive proxy statement will be delivered in connection with the Tornado Transaction that will publicly disclose all of the material written information heretofore provided to the Purchasers.

4.6 **Use of Proceeds.** The Company shall use the net proceeds from the sale of the Shares hereunder for payment of a portion of the cash consideration to be paid to Tornado stockholders in the Merger and for working capital purposes following the Tornado Transaction.

4.7 **Reservation of Stock.** As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of shares of Common Stock for the purpose of enabling the Company to issue Shares pursuant to this Agreement.

4.8 **Listing of Common Stock.** The Company hereby agrees to use commercially reasonable efforts to maintain the listing of the Common Stock on the Trading Market, and as soon as reasonably practicable following the Closing (but

not later than the earlier of the Effective Date applicable to such Shares and the three (3) month anniversary of the Closing Date) to list the applicable Shares on the Trading Market. The Company further agrees, if the Company applies to have the Common Stock traded on any other Trading Market, it will include in such application the Common Stock sold hereunder.

4.9 Short Sales. The Purchaser agrees that beginning on the date hereof until at least sixty (60) days from the Closing, the Purchaser will not enter into any Short Sales.

4.10 Termination Fee. Upon receipt of any termination fee under the terms of the Tornado Merger Agreement, the Company shall pay to each the Purchaser one percent (1%) of such Purchaser's Investment Amount, net of any costs and expenses incurred by the Company in the collection of any such termination fee, to the extent that the Company has sufficient funds to pay such amounts after payment of any such collection costs and expenses.

4.11 No Registration. The Company agrees not to issue any securities pursuant to any registration statement or register for resale on behalf of others any securities prior to the Effective Date, except for (i) securities subject to a registration statement on Form S-8, (ii) the resale of shares of common stock underlying outstanding warrants, and (iii) securities issued in connection with an acquisition by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise.

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ARTICLE V.
MISCELLANEOUS

5.1 Termination. This Agreement may be terminated by any Purchaser, as to such Purchaser's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchasers, by written notice to the other parties, on the earlier of (i) 180 days from the date of this Agreement or (ii) the termination of the Tornado Merger Agreement; provided, however, that no such termination will affect the right of any party to sue for any breach by the other party (or parties).

5.2 Fees and Expenses. Each Purchaser and the Company shall pay the fees and expenses of its own advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of the Transaction Documents. The Company shall pay all stamp and other taxes and duties levied in connection with the issuance of the Shares under this Agreement.

5.3 Entire Agreement. The Transaction Documents, together with the Exhibits and Schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section prior to 5:00 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section on a day that is not a Trading Day or later than 5:00 p.m. (New York City time) on any Trading Day, (c) the Trading Day following

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the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as follows:

If to the Company: Services Acquisition Corp. International
401 East Olas Boulevard, Suite 1140
Fort Lauderdale, FL 33301
Attn: Steven R. Berrard

With a copy to: Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
666 Third Avenue
New York, NY 10017
Attn: Kenneth R. Koch, Esq.

If to a Purchaser: To the address set forth under such Purchaser's name on
the signature pages hereof;
or such other address as may be designated in writing hereafter, in the same manner, by such Person.

5.5 Amendments; Waivers. No provision of this Agreement may be waived or amended except in a written instrument signed by the Company and the Purchaser or Purchasers holding no less than a majority of the outstanding Shares; provided, however, that if any amendment or waiver adversely affects any Purchaser or Purchasers in a disproportionate manner, then the written consent of any Purchaser so affected shall also be obtained. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

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5.6 Construction. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party. 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 provisions of this Agreement or any of the Transaction Documents.

5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Purchasers. Any Purchaser may assign any or all of its rights under this Agreement to any Person to whom such Purchaser assigns or transfers any Shares, provided such transferee agrees in writing to be bound, with respect to the transferred Shares, by the provisions hereof that apply to the "Purchasers."

5.8 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.8 (as to each Purchaser Party).

5.9 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective Affiliates, employees or agents) may be commenced exclusively in the state and federal courts sitting in the City of New York, Borough of Manhattan (the “New York Courts”). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of the any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any such New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of a Transaction Document, then the prevailing party in such Proceeding shall be reimbursed by the other party for its attorney’s fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

5.10 Survival. The representations, warranties, agreements and covenants contained herein shall survive the Closing and the delivery of the Shares.

5.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

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5.12 Severability. If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

5.13 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) the Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights.

5.14 Replacement of Securities. If any certificate or instrument evidencing any Shares is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and reasonable indemnity, if requested. The applicants for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs associated with the issuance of such replacement Shares. If a replacement certificate or instrument evidencing any Shares is requested due to a mutilation thereof, the Company may require delivery of such mutilated certificate or instrument as a condition precedent to any issuance of a replacement.

5.15 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agrees to waive in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.16 Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance of the obligations of any other Purchaser under any Transaction Document. The decision of each Purchaser to purchase Shares pursuant to the Transaction Documents has been made by such Purchaser independently of any other Purchaser. Nothing contained herein or in any Transaction Document, and no action taken by any Purchaser pursuant thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Document. Each Purchaser acknowledges that no other Purchaser has acted as agent for such Purchaser in connection with making its investment hereunder and that no Purchaser will be acting as agent of such Purchaser in connection with monitoring its investment in the Shares or enforcing its rights under the Transaction Documents. Each Purchaser shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

SERVICES ACQUISITION CORP. INTERNATIONAL

Name:

Title:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGES FOR PURCHASERS FOLLOW]

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IN WITNESS WHEREOF, the parties have executed this Securities Purchase Agreement as of the date first written above.

PURCHASER:

By:

Name:

Title:

Number of Shares:

Investment Amount:

Address for Notice:

Tel:

Fax:

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EXHIBIT A

FORM OF REGISTRATION RIGHTS AGREEMENT

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EXHIBIT B

FORM OF ESCROW AGREEMENT

ESCROW AGREEMENT

ESCROW AGREEMENT, made as of the _____ day of _____, 2006, by and among Services Acquisition Corp. International, a corporation incorporated under the laws of Delaware (the “Company”), the purchasers signatory hereto (each a “Purchaser” and together the “Purchasers”), and Continental Stock Transfer and Trust Company, as Escrow Agent (the “Escrow Agent”). Capitalized terms used but not defined herein shall have the meanings set forth in the Securities Purchase Agreement referred to in the first recital.

WITNESSETH:

WHEREAS, the Purchasers will be purchasing from the Company shares of Common Stock (the “Shares”) on the Closing Date as set forth in the Securities Purchase Agreement (the “Purchase Agreement”) dated the date hereof between the Purchasers and the Company, which securities will be issued under the terms contained herein and in the Purchase Agreement; and

WHEREAS, it is intended that the purchase of the Shares be consummated in accordance with the requirements set forth in Regulation D promulgated under the Securities Act of 1933, as amended; and

WHEREAS, the Company and the Purchasers have requested that the Escrow Agent hold the Investment Amounts with respect to the Closing in escrow, together with all interest accrued thereon (the “Escrow Funds”), until the Escrow Agent has received written instructions from the Company to deliver the Escrow Funds as directed in such written instructions;

NOW, THEREFORE, in consideration of the mutual promises herein made and intending to be legally bound, the Company, the Purchasers and the Escrow Agent hereby agree as follows:

1. The Company and each Purchaser hereby appoint the Escrow Agent to serve as escrow agent in connection with the Offering in accordance with the terms and conditions herein set forth, and the Escrow Agent hereby accepts such appointment.
2. The Escrow Agent shall hold all proceeds of the Escrow Funds in a separate account (the “Escrow Account”) to be held and administered by the Escrow Agent as provided herein. The Company shall direct the Purchasers to wire transfer their Investment Amounts, in immediately available funds, to:

[WIRE INSTRUCTIONS TO BE PROVIDED SUPPLEMENTALLY]

The Escrow Agent shall advise the Company in writing as to the name of each Purchaser from whom Escrow Funds has been received.

3. The Escrow Account shall be an interest bearing account.
4. The Escrow Funds to be held in the Escrow Account shall remain the property of each respective Purchaser in accordance with the pro rata ownership interest of each such Purchaser until such time as the Escrow Funds are released from the Escrow Account, and distributed in accordance with, the following provisions:
 - (a) Upon the written instructions of the Company (the “Written Notice”), the Escrow Agent shall deliver all of the Escrow Funds at such times and in such manner as shall be set forth in such Written Notice. If the Escrow Agent does not receive a Written Notice on the earlier of (i) 30 days from the date of receipt of the Purchaser’s Investment Amount by the Escrow Agent or (ii) the termination of the Tornado Merger Agreement, the Escrow Agent shall return the Escrow Funds to the Purchasers.

(b) The Company shall deliver a Written Notice to the Escrow Agent only in the event that the Company's stockholders have approved the Tornado Transaction and the Tornado Transaction shall have closed.

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(c) The Escrow Funds distributed by the Escrow Agent pursuant to this Agreement shall no longer be subject to the terms and conditions of this Escrow Agreement and shall (so far as this Agreement is concerned) be and become the sole property of the party receiving the same, free and clear of all liens and encumbrances.

5. To induce the Escrow Agent to act hereunder, the Company and each Purchaser agree that:

(a) Distribution of the Escrow Account pursuant to Section 4 of this Agreement by the Escrow Agent shall operate to divest all right, title, interest, claim, and demand, either at law or in equity, of any party to this Agreement (other than the distributee) in and to the Escrow Account and shall be a perpetual bar both at law and in equity as against the Escrow Agent and against any person claiming or attempting to claim such distributed Escrow Account from, through, or under the Escrow Agent.

(b) The Escrow Agent shall not be under any duty to give the monies held by it hereunder any greater degree of care than it gives its own similar property and shall not be required to invest any funds held hereunder except as directed in this Escrow Agreement. Uninvested funds held hereunder shall not earn or accrue interest.

(c) This Escrow Agreement expressly sets forth all the duties of the Escrow Agent with respect to any and all matters pertinent hereto. No implied duties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not be bound by the provisions of any agreement except this Escrow Agreement.

(d) The Escrow Agent shall not be liable, except for its own gross negligence or willful misconduct and, except with respect to claims based upon such gross negligence or willful misconduct that are successfully asserted against the Escrow Agent, the Company shall indemnify and hold harmless the Escrow Agent (and any successor Escrow Agent) from and against any and all losses, deficiencies, liabilities, claims, suits, actions, damages, settlements and expenses, including reasonable attorneys fees and disbursements, arising out of and in connection with this Escrow Agreement. Without limiting the foregoing, the Escrow Agent shall in no event be liable in connection with its investment or reinvestment of any cash held by it hereunder in good faith, in accordance with the terms hereof, including, without limitation, any liability for any delays (not resulting from its gross negligence or willful misconduct) in the investment or reinvestment of any Escrow Funds, or any loss of interest incident to any such delays.

(e) The Escrow Agent shall be entitled to rely upon any order, judgment, certification, demand, notice, instrument or other writing delivered to it hereunder without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity or the service thereof. The Escrow Agent may act in reliance upon any instrument or signature believed by it to be genuine and may assume that any person purporting to give receipt or advice or make any statement or execute any document in connection with the provisions hereof has been duly authorized to do so.

(f) The Escrow Agent may act pursuant to the reasonable advice of counsel with respect to any matter relating to this Escrow Agreement and shall not be liable for any action taken or omitted in accordance with such advice.

(g) The Escrow Agent does not have any interest in the amounts deposited hereunder but is serving as escrow holder only and having only possession thereof. The Company shall pay or reimburse the Escrow Agent upon request for any transfer taxes or other taxes relating to the escrowed property incurred in connection herewith and shall indemnify and hold harmless the Escrow Agent from any amounts that it is obligated to pay in the way of such taxes. Any payments of income from this Escrow Account shall be subject to withholding regulations then in force with respect to United States taxes. The parties hereto will provide the escrow agent with appropriate W-9 forms for tax I.D., number certifications, or W-8 forms for non-resident alien certifications. It is understood that the Escrow Agent shall be responsible for income reporting only with respect to income earned on investment of funds deposited in the Escrow Account and is not responsible for any other reporting. This Section 5(g) and Section 5(d) shall survive notwithstanding any termination of this Escrow Agreement or the resignation of the Escrow Agent.

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(h) The Escrow Agent shall have no duties or responsibilities except those expressly set forth herein. The Escrow Agent shall not be bound by any notice of a claim, or demand with respect thereto, or any waiver, modification, amendment, termination, cancellation, or revision of this Agreement, unless in writing and signed by the other parties hereto and received by the Escrow Agent, and, if the Escrow Agent's duties as escrow agent hereunder are affected, unless the Escrow Agent shall have given its prior written consent thereto. The Escrow Agent shall not be bound by any assignment by the Company or the Purchasers of any rights hereunder unless the Escrow Agent shall have received written notice thereof from the assignor. The Escrow Agent is authorized to comply with and obey laws, orders, judgments, decrees, and regulations of any governmental authority, court, tribunal, or arbitrator. If the Escrow Agent complies with any such law, order, judgment, decree, or regulation, the Escrow Agent shall not be liable to any of the parties hereto or to any other person even if such law, order, judgment, decree, or regulation is subsequently reversed, modified, annulled, set aside, vacated, found to have been entered without jurisdiction, or found to be in violation of or beyond the scope of a constitution or a law.

(i) If the Escrow Agent (i) shall be uncertain as to the Escrow Agent's duties or rights hereunder, (ii) shall receive any notice, advice, direction, or other document from any other party with respect to the Escrow Account which, in the Escrow Agent's opinion, is in conflict with any of the provisions of this Agreement, or with any notice, advice, direction or other document it has received from another party, or (iii) should be advised that a dispute has arisen with respect to the payment, ownership, or right of possession of the Escrow Account or any part thereof (or as to the delivery, non-delivery, or content of any notice, advice, direction, or other document), the Escrow Agent shall be entitled, without liability to anyone, to refrain from taking any action other than to use the Escrow Agent's best efforts to keep safely the Escrow Account until the Escrow Agent shall be directed otherwise in writing by the Company or by an order, decree, or judgment of a court of competent jurisdiction which has been finally affirmed on appeal or which by lapse of time or otherwise is no longer subject to appeal, but the Escrow Agent shall be under no duty to institute or to defend any proceeding, although the Escrow Agent may, in the Escrow Agent's discretion and at the expense of the Company as provided in Section 5(o), institute or defend such proceedings.

(j) The Escrow Agent makes no representation as to the validity, value, genuineness or the collectability of any security or other document or instrument held by or delivered to it.

(k) The Company and the Purchasers authorize the Escrow Agent, if threatened with litigation or sued, to interplead all interested parties in any court of competent jurisdiction and to deposit the Escrow Account with the clerk of that court.

- (l) The Escrow Agent shall not be called upon to advise any party as to the wisdom in selling or retaining or taking or refraining from any action with respect to any securities or other property deposited hereunder.
- (m) The Escrow Agent (and any successor Escrow Agent) may at any time resign as such by delivering the total of the Escrow Funds received by the Escrow Agent and all interest and other income earned thereon to any successor Escrow Agent designated by the Escrow Agent, in writing, or to any court of competent jurisdiction, whereupon the Escrow Agent shall be discharged of and from any and all further obligations arising in connection with this Escrow Agreement. The resignation of the Escrow Agent will take effect on the earlier of (i) the appointment of a successor (including a court of competent jurisdiction), or (ii) the day which is ten (10) days after the date of delivery of its written notice of resignation to the Company and the Purchasers. If at that time the Escrow Agent has not designated a successor Escrow Agent, the Escrow Agent's sole responsibility after that time shall be to safekeep the Escrow Funds received by the Escrow Agent until receipt of a designation of successor Escrow Agent or a final order of a court of competent jurisdiction.
- (n) The Escrow Agent shall have no responsibility for the contents of any writing of the arbitrators or any third party contemplated herein as a means to resolve disputes and may rely without any liability upon the contents thereof.

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- (o) The Company agrees to pay the Escrow Agent [\$2,500] for its services hereunder.
- (p) Each party hereby irrevocably submits to the jurisdiction of any New York State or federal court sitting in New York City in any action or proceeding arising out of or relating to this Escrow Agreement, and hereby irrevocably agrees that all claims in respect of such action or proceeding shall be heard and determined in such a New York State or federal court. Each party hereby consents to and grants to any such court jurisdiction over such party and over the subject matter of any such dispute and agrees that delivery or mailing of any process or other papers in the manner provided herein, or in such manner as may be permitted by law, shall be valid and sufficient service thereof.
- (q) No printed or other matter in any language (including, without limitation, prospectuses, notices, reports and promotional material) which mentions the Escrow Agent's name or the rights, powers, or duties of the Escrow Agent shall be issued by the Company or any Investor unless the Escrow Agent shall first have given its specific written consent thereto.
- (r) The Escrow Agent's responsibilities and liabilities hereunder, except as a result of the Escrow Agent's own bad faith or gross negligence, will terminate upon the delivery by the Escrow Agent of the Escrow Funds under any provision of this Agreement.
6. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and assigns, and shall not be enforceable by or inure to the benefit of any third party except as provided in Section 5(m) with respect to a resignation by the Escrow Agent. No party may assign any of its rights or obligations under this Agreement without the written consent of the other party.
7. This Agreement may only be modified by a writing signed by the parties hereto, and no waiver hereunder shall be effective unless in a writing signed by the party to be charged.

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8. This Agreement shall be construed in accordance with the laws of the State of New York, without regard to its rules respecting conflicts of laws. It may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one instrument.

9. Any notice, consent or request to be given in connection with any of the terms or provisions of this Agreement shall be in writing and shall be sent by certified mail, return receipt requested, or delivered against written receipt:

(a) if to the Escrow Agent, to:

Continental Stock Transfer and Trust Company
17 Battery Place
New York, NY 10004
Attention: Steven G. Nelson
Telephone: (212) 509-4000
Facsimile: (212) 509-5150

(b) if to the Company, to:

Services Acquisition Corp. International
401 East Olas Boulevard, Suite 1140
Fort Lauderdale, FL 33301
Attention: Chief Executive Officer
Telephone: (954) 713-1173
Facsimile: (954) 713-1175

(c) if to the Purchasers, to:

The address set forth under such Purchaser's name on the signature page of the Purchase Agreement.

Any notice, consent or request given by certified mail shall be deemed given at the time of certification thereof.

10. This Agreement shall terminate upon the date on which all Escrow Funds has been fully disbursed from the Escrow Account in accordance with Section 4 of this Agreement.

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IN WITNESS WHEREOF, the parties have duly executed this Escrow Agreement as of the date first above written.

SERVICES ACQUISITION CORP. INTERNATIONAL

By:

Name:

Title:

CONTINENTAL STOCK TRANSFER AND
TRUST COMPANY

By:

Name:

Title:

PURCHASER:

By:

Name:

Title:

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EXHIBIT C

FORM OF OPINION

1. 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 carry on its business and to own, lease and operate its properties and assets as described in the Company's SEC Reports.
2. The Company has the requisite corporate power and authority to enter into and perform its obligations under the Transaction Documents and to issue the Shares. The execution and delivery of the Transaction Documents by the Company and the consummation by it of the transactions contemplated thereby have been duly authorized by all necessary corporate action, and no further consent or authorization of the Company or its Board of Directors or stockholders is required. Each of the Transaction Documents has been duly executed and delivered by the Company and each of the Transaction Documents constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with their respective terms.
3. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated thereby, does not and will not (i) result in a violation of the Company's Certificate of Incorporation or Bylaws, (ii) conflict with, or constitute a material default (or an event that with notice or lapse of time or both would become a default) under, or give rise to any rights of termination, amendment, acceleration or cancellation of, any material agreement included as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, (iii) result in a violation of any federal or state law, rule or regulation applicable to the Company or by which any property or asset of the Company is bound or affected, or (iv) require any third party consents or government filings, except, with respect to clauses (ii), (iii) and (iv) above, for such violations, conflicts or defaults, or failures to obtain third party consents or make government filings, as would not, individually or in the aggregate, have a Material Adverse Effect.
4. Assuming the truth and accuracy of the representations and warranties of the Purchasers included in Section 3.2 of the Securities Purchase Agreement, the issuance of the Shares in accordance with the Securities Purchase Agreement will be exempt from registration under the Securities Act of 1933, as amended. The Shares, when issued, sold and delivered against payment therefor in accordance with the provisions of the Securities Purchase Agreement will be duly and validly issued, fully paid and nonassessable and, to our knowledge, free and clear of all liens, charges, restrictions and encumbrances imposed by or through the Company except as set forth in the Transaction Documents.

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ANNEX C

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this “Agreement”) is made and entered into as of March , 2006, by and among Services Acquisition Corp. International, a Delaware corporation (the “Company”), and the investors signatory hereto (each a “Purchaser” and collectively, the “Purchasers”).

This Agreement is made pursuant to the Securities Purchase Agreement, dated as of the date hereof among the Company and the Purchasers (the “Purchase Agreement”).

The Company and the Purchasers hereby agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

“Business Day” means any day except Saturday, Sunday and any day which shall be a federal legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“Effectiveness Date” means, with respect to the Registration Statement required to be filed hereunder, the earlier of (a) the 60th calendar day following the Filing Date (90th calendar day in the event of a full review by the Commission) and (b) the fifth (5th) Business Day following the date on which the Company is notified by the Commission that the Registration Statement will not be reviewed or is no longer subject to further review and comments.

“Effectiveness Period” shall have the meaning set forth in Section 2(a).

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Filing Date” means, with respect to the Registration Statement required to be filed hereunder, the later of (i) the 30th calendar day following the Closing Date or (ii) July 7, 2006.

“Holder” or “Holders” means the holder or holders, as the case may be, from time to time of Registrable Securities.

“Indemnified Party” shall have the meaning set forth in Section 5(c).

“Indemnifying Party” shall have the meaning set forth in Section 5(c).

“Losses” shall have the meaning set forth in Section 5(a).

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Prospectus” means the prospectus included in the Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus

supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“Registrable Securities” means the shares of Common Stock issued in connection with the transactions contemplated by the Purchase Agreement, together with any Securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing.

“Registration Statement” means the registration statement required to be filed hereunder, including the Prospectus, amendments and supplements to the registration statement or Prospectus,

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including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in the Registration Statement.

“Rule 415” means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Rule 424” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Securities Act” means the Securities Act of 1933, as amended.

“Trading Market” means whichever of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market on which the Common Stock is listed or quoted for trading on the date in question.

2. Registration.

(a) On or prior to the Filing Date, the Company shall prepare and file with the Commission the Registration Statement covering the resale of all of the Registrable Securities sold in the Closing for an offering to be made on a continuous basis pursuant to Rule 415, or if Rule 415 is not available for offers or sales of the Registrable Securities, for such other means of distribution of Registrable Securities as the Holders may specify. The Registration Statement required hereunder shall be on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case the Registration shall be on another appropriate form in accordance herewith). The Registration Statement required hereunder shall contain (except if otherwise directed by the Holders) the “Plan of Distribution” attached hereto as Annex A. The Company shall use its commercially reasonable efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as possible after the filing thereof, and shall use its commercially reasonable efforts to keep such Registration Statement continuously effective under the Securities Act (including the filing of any necessary amendments, post-effective amendments and supplements) until the date which is two years after the Closing Date or such later date when all Registrable Securities covered by the Registration Statement (A) have been sold pursuant to the Registration Statement or an exemption from the registration requirements of the Securities Act or (B) may be sold without volume restrictions pursuant to Rule 144(k) promulgated under the Securities Act, as determined by the counsel to the Company pursuant to a written

opinion letter to such effect, addressed and reasonably acceptable to the Company's transfer agent and the affected Holders (the "Effectiveness Period"). The Company shall telephonically request effectiveness of the Registration Statement as of 5:00 pm Eastern Time on a Trading Day. The Company shall immediately notify the Holders via facsimile of the effectiveness of a Registration Statement on the same Trading Day that the Company telephonically confirms effectiveness with the Commission, which shall be the date requested for effectiveness of a Registration Statement. The Company shall, by 9:30 am Eastern Time on the Trading Day after the Effective Date (as defined in the Purchase Agreement), file a Rule 424(b) prospectus with the Commission.

(b) If: (i) the Registration Statement is not filed on or prior to the Filing Date (if the Company files the Registration Statement without affording the Holders the opportunity to review and comment on the same as required by Section 3(a), the Company shall not be deemed to have satisfied this clause (i)); or (ii) the Registration Statement is not declared effective by the Commission on or before the Effectiveness Date or (iii) after the Effectiveness Date, a Registration Statement ceases for any reason to remain continuously effective as to all Registrable Securities for which it is required to be effective, or the Holders are not permitted to utilize the Prospectus therein to resell such Registrable Securities for 30 consecutive calendar days or for more than an aggregate of 90 calendar days during any 12-month period (which need not be consecutive Trading Days) (any such failure or breach being referred to as an "Event," and for purposes of clause (i) or (ii) the date on which such breach being occurs, for purposes of clause

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(iii) the date on which such 30 or 90 calendar day period, as applicable, is exceeded, being referred to as an "Event Date"), then in addition to any other rights the Holders may have hereunder or under applicable law: (x) on each such Event Date and on each monthly anniversary of each such Event Date (if the applicable Event shall not have been cured by such date) until the applicable Event is cured, the Company shall pay to each Holder an amount in cash, as liquidated damages and not as a penalty, equal to 0.5% of the aggregate purchase price paid by such Holder pursuant to the Purchase Agreement for any Registrable Securities then held by such Holder. Notwithstanding anything to the contrary contained herein, no Holder shall be entitled to be included in the Registration Statement or receive liquidated damages unless such Holder has provided such information to the Company as the Company shall have reasonably requested in connection with such Registration Statement.

3. Registration Procedures

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than three (3) Business Days prior to the filing of the Registration Statement or any related Prospectus or any amendment or supplement thereto, (i) furnish to the Holders copies of all such documents proposed to be filed (including documents incorporated or deemed incorporated by reference to the extent requested by such Person) which documents will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent certified public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective legal counsel to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file the Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Registrable Securities shall reasonably object in good faith.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to the Registration Statement and the Prospectus used in connection therewith as may be necessary to keep the Registration Statement continuously effective as to the Registrable Securities for the Effectiveness Period; (ii) cause the related

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Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to the Registration Statement or any amendment thereto; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by the Registration Statement in accordance with the intended methods of disposition by the Holders thereof set forth in the Registration Statement as so amended or in such Prospectus as so supplemented.

(c) Notify the Holders of Registrable Securities to be sold as promptly as reasonably possible (and, in the case of (i)(A) below, not less than two (2) Business Days prior to such filing) and (if requested by any such Person) confirm such notice in writing promptly following the day (i) (A) when a Prospectus or any Prospectus supplement or post-effective amendment to the Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a “review” of the Registration Statement and whenever the Commission comments in writing on the Registration Statement (the Company shall upon request provide true and complete copies thereof and all written responses thereto as promptly as reasonably possible to each of the Holders who so requests provided such requesting Holders agree to keep such information confidential until it is publicly disclosed and to waive Section 4.5 of the Purchase Agreement with respect thereto); and (C) with respect to the Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority during the period of effectiveness of the Registration Statement for amendments or supplements to the Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of

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any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose, and (v) of the occurrence of any event or passage of time that makes the financial statements included in the Registration Statement ineligible for inclusion therein or any statement made in the Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to the Registration Statement, Prospectus or other documents so that, in the case of the Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (provided that such Holder of Registrable Securities agrees to keep such information confidential until it is publicly disclosed and to waive Section 4.5 of the Purchase Agreement with respect thereto).

(d) Use its commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of the Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(e) To the extent requested by such Holders, furnish to each Holder, without charge, at least one conformed copy of the Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference, and all exhibits (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission.

(f) Promptly deliver to each Holder, without charge, as many copies of the Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request in connection with resales by the Holder of Registrable Securities. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(c).

(g) Use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each of the registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statement; provided, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(h) If requested by the Holders, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement, which certificates shall be free, to the extent permitted by the Purchase Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(i) Upon the occurrence of any event contemplated by Section 3(c)(v), as promptly as reasonably possible, prepare a supplement or amendment, including a post-effective amendment, to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither the Registration Statement nor such Prospectus

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will contain an untrue statement of a material fact or omit 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.

(j) Use commercially reasonable efforts to make available to its security holders no later than the Availability Date (as defined below), an earning statement covering a period of at least twelve (12) months, beginning after the effective date of the Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act, including Rule 158 promulgated thereunder. For the purpose of this subsection, “Availability Date” shall mean the 45th day following the end of the fourth fiscal quarter after the fiscal quarter that includes the effective date of the Registration Statement, except that, if such fourth fiscal quarter is the last quarter of the Company’s fiscal year, “Availability Date” means the 90th day after the end of such fourth fiscal quarter.

(k) Comply with all applicable rules and regulations of the Commission and use its commercially reasonable efforts to cause all Registrable Securities to be listed for trading on a Trading Market.

(l) If requested by Holders, in the event of an underwritten offering of the Registrable Securities by the Holders, furnish on the date that Registrable Securities are delivered to the underwriters for sale pursuant to any such

registration (i) an opinion dated such date of counsel representing the Company for the purposes of such registration, addressed to the underwriters to such effects as reasonably may be requested by counsel for the underwriters and executed counterparts of such opinion addressed to the sellers of Registrable Securities to the same effect as requested by counsel for the underwriters and (ii) a letter dated such date from the independent public accountants retained by the Company, addressed to the underwriters stating that they are independent public accountants within the meaning of the Securities Act and that, in the opinion of such accountants, the financial statements of the Company included in the registration statement or the prospectus, or any amendment or supplement thereof, comply as to form in all material respects with the applicable accounting requirements of the Securities Act and such letter shall additionally cover such other financial matters (including information as to the period ending no more than five (5) business days prior to the date of such letter) with respect to such registration as such underwriters reasonably may request.

The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the person thereof that has voting and dispositive control over the Shares.

4. **Registration Expenses.** All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to the Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with the Trading Market on which the Common Stock is then listed for trading, and (B) for compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by the Holders of a majority of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions or any legal fees or other costs of the Holders.

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5. Indemnification

(a) **Indemnification by the Company.** The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents, brokers, investment advisors and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, partners, agents and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, to the extent arising out

of or relating to any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, or any violation or alleged violation by the Company of the Securities Act, Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (1) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities as set forth in Annex A hereto or any changes to Annex A hereto that are expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto or (2) in the case of an occurrence of an event of the type specified in Section 3(c)(ii)-(v), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(c). The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based upon: (x) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y) any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in the Registration Statement or such Prospectus or (ii) to the extent that (1) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities as set forth in Annex A hereto or any changes to Annex A hereto that are expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto, or (2) in the case of an occurrence of an event of the type

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specified in Section 3(c)(ii)-(v), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(b). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities covered by the Registration Statement giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from

whom indemnity is sought (the “Indemnifying Party”) in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is reasonably likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Business Days of written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is not entitled to indemnification hereunder, determined based upon the relative faults of the parties.

(d) Contribution. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable

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by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys’ or other reasonable fees or expenses incurred by such party in connection with any Proceeding to

the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, except in the case of fraud by such Holder. The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Miscellaneous

(a) **Compliance.** Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(b) **Discontinued Disposition.** Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. In the event of a discontinued disposition under this Section 6(b), the Company will use its commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable and to provide copies of the supplemented Prospectus and/or amended Registration Statement or the Advice as soon as possible in order to enable each Holder to resume dispositions of the Registrable Securities. The Company may provide appropriate stop orders to enforce the provisions of this paragraph. The Company agrees and acknowledges that any periods during which the Holder is required to discontinue the disposition of the Registrable Securities hereunder shall be subject to the provisions of Section 2(b).

(c) **Amendments and Waivers.** The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and each Holder of the then outstanding Registrable Securities.

(d) **Lock-up.** During the 12 month period following the Closing, if the Company delivers to the Purchasers a certificate signed by an officer of the Company stating that the managing underwriter of a registered public offering of equity securities of the Company, all of which relates to securities to be sold on a primary basis by the Company (the "Offering"), has requested that the Purchasers refrain from selling or otherwise transferring or disposing of any Registrable Securities then held by the Purchasers for a specified period of time during the Offering, the Purchasers shall refrain from selling or otherwise transferring or disposing of any Registrable Securities then held by the Purchasers beginning on the later of (i) the 10th Business Day after receipt of such certificate from the Company and (ii) the commencement of the Offering (which shall be the effective date of the registration statement for such Offering) and ending following a specified period of time that is customary under the circumstances (not to exceed ninety (90) days).

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(e) Suspension of Trading. At any time after the Registrable Securities are covered by an effective Registration Statement, the Company may deliver to the Holders of such Registrable Securities a certificate (the “Suspension Certificate”) approved by the Chief Executive Officer of the Company and signed by an officer of the Company stating that the effectiveness of and sales of Registrable Securities under the Registration Statement would:

(i) materially interfere with any transaction that would require the Company to prepare financial statements under the Securities Act that the Company would otherwise not be required to prepare in order to comply with its obligations under the Exchange Act, or

(ii) require public disclosure of any transaction of the type discussed in Section 6(e)(i) prior to the time such disclosure might otherwise be required.

Beginning ten (10) Business Days after the receipt of a Suspension Certificate by Holders of Registrable Securities, the Company may, in its discretion, require such Holders of Registrable Securities to refrain from selling or otherwise transferring or disposing of any Registrable Securities or other Company securities then held by such Holders for a specified period of time that is customary under the circumstances (not to exceed thirty (30) days). Notwithstanding the foregoing sentence, the Company shall be permitted to cause Holders of Registrable Securities to so refrain from selling or otherwise transferring or disposing of any Registrable Securities or other securities of the Company on only one occasion during each twelve (12) consecutive month period that the Registration Statement remains effective. The Company may impose stop transfer instructions to enforce any required agreement of the Holders under this Section 6(e).

(f) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number provided for below prior to 5:00 p.m. (New York City time) on a Business Day, (ii) the Business Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number provided for below later than 5:00 p.m. (New York City time) on any date and earlier than 11:59 p.m. (New York City time) on such date, (iii) the Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The address and delivery requirements for such notices and communications shall be as set forth in the Purchase Agreement.

(g) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of all of the Holders of the then-outstanding Registrable Securities, provided a sale of the Company shall not be deemed an assignment. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under the Purchase Agreement.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(i) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New

York, without regard to the principles of conflicts of law thereof.

(j) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(k) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of

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the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(l) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(m) Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser hereunder are several and not joint with the obligations of any other Purchaser hereunder, and no Purchaser shall be responsible in any way for the performance of the obligations of any other Purchaser hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

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IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

SERVICES ACQUISITION CORP.

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INTERNATIONAL

By:

Steven R. Berrard, Chief Executive Officer

[PURCHASERS' SIGNATURE PAGES TO FOLLOW]

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[PURCHASERS' SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

PURCHASER:

By:

Name:

Title:

Fax Number:

[ADDITIONAL PURCHASER SIGNATURES FOLLOW]

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ANNEX A

Plan of Distribution

The shares covered by this prospectus may be offered and sold from time to time by the selling stockholders. The term "selling stockholder" includes pledgees, donees, transferees or other successors in interest selling shares received after the date of this prospectus from each selling stockholder as a pledge, gift, partnership distribution or other non-sale related transfer. The number of shares beneficially owned by a selling stockholder will decrease as and when it effects any such transfers. The plan of distribution for the selling stockholders' shares sold hereunder will otherwise remain unchanged, except that the transferees, pledgees, donees or other successors will be selling stockholders hereunder. To the extent required, we may amend and supplement this prospectus from time to time to describe a specific plan of distribution.

The selling stockholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. The selling stockholders may make these sales at prices and under terms then prevailing or at prices related to the then current market price. The selling stockholders may also make sales in negotiated transactions. The selling stockholders may offer their shares from time to time pursuant to one or more of the following methods:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

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- one or more block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- public or privately negotiated transactions;
- on the American Stock Exchange or Nasdaq National Market (or through the facilities of any national securities exchange or U.S. inter-dealer quotation system of a registered national securities association, on which the shares are then listed, admitted to unlisted trading privileges or included for quotation);
- through underwriters, brokers or dealers (who may act as agents or principals) or directly to one or more purchasers;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

In connection with distributions of the shares or otherwise, the selling stockholders may:

- enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the shares in the course of hedging the positions they assume;
- sell the shares short and redeliver the shares to close out such short positions;
- enter into option or other transactions with broker-dealers or other financial institutions which require the delivery to them of shares offered by this prospectus, which they may in turn resell; and
- pledge shares to a broker-dealer or other financial institution, which, upon a default, they may in turn resell.

In addition to the foregoing methods, the selling stockholders may offer their shares from time to time in transactions involving principals or brokers not otherwise contemplated above, in a combination of such methods or described above or any other lawful methods. The selling stockholders may also transfer, donate or assign their shares to lenders, family members and others and each of such persons will be deemed to be a selling stockholder for purposes of this prospectus.

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The selling stockholders or their successors in interest may from time to time pledge or grant a security interest in some or all of the shares of common stock, and if the selling stockholders default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time under this prospectus; provided however in the event of a pledge or then default on a secured obligation by the selling stockholder, in order for the shares to be sold under this registration statement, unless permitted by law, we must distribute a prospectus supplement and/or amendment to this registration statement amending the list of selling stockholders to include the pledgee, secured party or other successors in interest of the selling stockholder under this prospectus.

The selling stockholders may also sell their shares pursuant to Rule 144 under the Securities Act, which permits limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions, including, among other things, the availability of certain current public information concerning the issuer, the resale occurring following the required holding period under Rule 144 and the number of shares being sold during any three-month period not exceeding certain limitations.

Sales through brokers may be made by any method of trading authorized by any stock exchange or market on which the shares may be listed or quoted, including block trading in negotiated transactions. Without limiting the foregoing, such brokers may act as dealers by purchasing any or all of the shares covered by this prospectus, either as agents for others or as principals for their own accounts, and reselling such shares pursuant to this prospectus. The selling stockholders may effect such transactions directly, or indirectly through underwriters, broker-dealers or agents acting on their behalf. In effecting sales, broker-dealers or agents engaged by the selling stockholders may arrange for other broker-dealers to participate. Broker-dealers or agents may receive commissions, discounts or concessions from the selling stockholders, in amounts to be negotiated immediately prior to the sale (which compensation as to a particular broker-dealer might be in excess of customary commissions for routine market transactions).

In offering the shares covered by this prospectus, the selling stockholders, and any broker-dealers and any other participating broker-dealers who execute sales for the selling stockholders, may be deemed to be “underwriters” within the meaning of the Securities Act in connection with these sales. Any profits realized by the selling stockholders and the compensation of such broker-dealers may be deemed to be underwriting discounts and commissions.

The Company is required to pay all fees and expenses incident to the registration of the shares.

The Company has agreed to indemnify the selling stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

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ANNEX D

SERVICES ACQUISITION CORP. INTERNATIONAL
2006 EMPLOYEE, DIRECTOR AND CONSULTANT STOCK PLAN

1. DEFINITIONS.

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this Services Acquisition Corp. International 2006 Employee, Director and Consultant Stock Plan, have the following meanings:

Administrator means the Board of Directors, unless it has delegated power to act on its behalf to the Committee, in which case the Administrator means the Committee.

Affiliate means a corporation which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect.

Agreement means an agreement between the Company and a Participant delivered pursuant to the Plan, in such form as the Administrator shall approve.

Board of Directors means the Board of Directors of the Company.

Code means the United States Internal Revenue Code of 1986, as amended.

Committee means the committee of the Board of Directors to which the Board of Directors has delegated power to act under or pursuant to the provisions of the Plan.

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Common Stock means shares of the Company's common stock, \$0.001 par value per share.

Company means Services Acquisition Corp. International, a Delaware corporation.

Disability or Disabled means permanent and total disability as defined in Section 22(e)(3) of the Code.

Employee means any employee of the Company or of an Affiliate (including, without limitation, an employee who is also serving as an officer or director of the Company or of an Affiliate), designated by the Administrator to be eligible to be granted one or more Stock Rights under the Plan.

Fair Market Value of a Share of Common Stock means:

(1) If the Common Stock is listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Stock, the average of the closing or last price of the Common Stock on the composite tape or other comparable reporting system for the five (5) trading days, consisting of (i) the two (2) trading days immediately following the applicable date, (ii) the trading day that is the applicable date, and (iii) the two (2) trading days immediately preceding the applicable date;

(2) If the Common Stock is not traded on a national securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Common Stock for the trading day referred to in clause (1), and if bid and asked prices for the Common Stock are regularly reported, the mean between the bid and the asked price for the Common Stock at the close of trading in the over-the-counter market for the trading day on which Common Stock was traded immediately preceding the applicable date; and

(3) If the Common Stock is neither listed on a national securities exchange nor traded in the over-the-counter market, such value as the Administrator, in good faith, shall determine.

ISO means an option meant to qualify as an incentive stock option under Section 422 of the Code.

Non-Qualified Option means an option which is not intended to qualify as an ISO.

Option means an ISO or Non-Qualified Option granted under the Plan.

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Participant means an Employee, director or consultant of the Company or an Affiliate to whom one or more Stock Rights are granted under the Plan. As used herein, "Participant" shall include "Participant's Survivors" where the context requires.

Plan means this Jamba, Inc. 2006 Employee, Director and Consultant Stock Plan.

Shares means shares of the Common Stock as to which Stock Rights have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of Paragraph 3 of the Plan. The Shares issued under the Plan may be authorized and unissued shares or shares held by the Company in its treasury, or both.

Stock-Based Award means a grant by the Company under the Plan of an equity award or an equity based award which is not an Option or a Stock Grant.

Stock Grant means a grant by the Company of Shares under the Plan.

Stock Right means a right to Shares or the value of Shares of the Company granted pursuant to the Plan — an ISO, a Non-Qualified Option, a Stock Grant or a Stock-Based Award.

Survivor means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to a Stock Right by will or by the laws of descent and distribution.

2. PURPOSES OF THE PLAN.

The Plan is intended to encourage ownership of Shares by Employees and directors of and certain consultants to the Company in order to attract and retain such people, to induce them to work for the benefit of the Company or of an Affiliate and to provide additional incentive for them to promote the success of the Company or of an Affiliate. The Plan provides for the granting of ISOs, Non-Qualified Options, Stock Grants and Stock-Based Awards.

3. SHARES SUBJECT TO THE PLAN.

- (a) The number of Shares which may be issued from time to time pursuant to this Plan shall be 5,000,000, or the equivalent of such number of Shares after the Administrator, in its sole discretion, has interpreted the effect of any stock split, stock dividend, combination, recapitalization or similar transaction in accordance with Paragraph 24 of the Plan.
- (b) If an Option ceases to be "outstanding," in whole or in part (other than by exercise), or if the Company shall reacquire (at not more than its original issuance price) any Shares issued pursuant to a Stock Grant or Stock-Based Award, or if any Stock Right expires or is forfeited, cancelled, or otherwise terminated or results in any Shares not being issued, the unissued Shares which were subject to such Stock Right shall again be available for issuance from time to time pursuant to this Plan.

4. ADMINISTRATION OF THE PLAN.

The Administrator of the Plan will be the Board of Directors, except to the extent the Board of Directors delegates its authority to the Committee, in which case the Committee shall be the Administrator. Subject to the provisions of the Plan, the Administrator is authorized to:

- a. Interpret the provisions of the Plan and all Stock Rights and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;
- b. Determine which Employees, directors and consultants shall be granted Stock Rights;
- c. Determine the number of Shares for which a Stock Right or Stock Rights shall be granted, provided, however, that in no event shall Stock Rights with respect to more than 600,000 Shares be granted to any Participant in any fiscal year only necessary for compliance by public companies with Section 162(m) of the Internal Revenue Code;
- d. Specify the terms and conditions upon which a Stock Right or Stock Rights may be granted;

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- e. Make changes to any outstanding Stock Right, including, without limitation, to reduce or increase the exercise price or purchase price, accelerate the vesting schedule or extend the expiration date, provided that no such change shall impair the rights of a Participant under any

grant previously made without such Participant's consent;

- f. Buy out for a payment in cash or Shares, a Stock Right previously granted and/or cancel any such Stock Right and grant in substitution therefor other Stock Rights, covering the same or a different number of Shares and having an exercise price or purchase price per share which may be lower or higher than the exercise price or purchase price of the cancelled Stock Right, based on such terms and conditions as the Administrator shall establish and the Participant shall accept; and
- g. Adopt any sub-plans applicable to residents of any specified jurisdiction as it deems necessary or appropriate in order to comply with or take advantage of any tax or other laws applicable to the Company or to Plan Participants or to otherwise facilitate the administration of the Plan, which sub-plans may include additional restrictions or conditions applicable to Stock Rights or Shares issuable pursuant to a Stock Right.

provided, however, that all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of preserving the tax status under Section 422 of the Code of those Options which are designated as ISOs. Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Stock Right granted under it shall be final, unless otherwise determined by the Board of Directors, if the Administrator is the Committee. In addition, if the Administrator is the Committee, the Board of Directors may take any action under the Plan that would otherwise be the responsibility of the Committee.

To the extent permitted under applicable law, the Board of Directors or the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to any other person selected by it. The Board of Directors or the Committee may revoke any such allocation or delegation at any time.

5. ELIGIBILITY FOR PARTICIPATION.

The Administrator will, in its sole discretion, name the Participants in the Plan, provided, however, that each Participant must be an Employee, director or consultant of the Company or of an Affiliate at the time a Stock Right is granted. Members of the Company's Board of Directors who are not employees of the Company or of an Affiliate may receive Stock Rights pursuant to Paragraph 6, Subparagraph A(e), but only pursuant thereto. Notwithstanding the foregoing, the Administrator may authorize the grant of a Stock Right to a person not then an Employee, director or consultant of the Company or of an Affiliate; provided, however, that the actual grant of such Stock Right shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the execution of the Agreement evidencing such Stock Right. ISOs may be granted only to Employees. Non-Qualified Options, Stock Grants and Stock-Based Awards may be granted to any Employee, director or consultant of the Company or an Affiliate. The granting of any Stock Right to any individual shall neither entitle that individual to, nor disqualify him or her from, participation in any other grant of Stock Rights.

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option shall be set forth in writing in an Option Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Administrator may provide that Options be granted subject to such terms and conditions, consistent with the terms and conditions specifically required under this Plan, as the Administrator may deem appropriate including, without limitation, subsequent approval by the shareholders of the Company of this Plan or any amendments thereto. The Option Agreements shall be subject to at least the following terms and conditions:

A. Non-Qualified Options: Each Option intended to be a Non-Qualified Option shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Non-Qualified Option:

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- a. Option Price: Each Option Agreement shall state the option price (per share) of the Shares covered by each Option, which option price shall be determined by the Administrator but shall not be less than the Fair Market Value per share of Common Stock.
 - b. Number of Shares: Each Option Agreement shall state the number of Shares to which it pertains.
 - c. Option Periods: Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised, and may provide that the Option rights accrue or become exercisable in installments over a period of months or years, or upon the occurrence of certain conditions or the attainment of stated goals or events.
 - d. Option Conditions: Exercise of any Option may be conditioned upon the Participant's execution of a Share purchase agreement in form satisfactory to the Administrator providing for certain protections for the Company and its other shareholders, including requirements that:
 - i. The Participant's or the Participant's Survivors' right to sell or transfer the Shares may be restricted; and
 - ii. The Participant or the Participant's Survivors may be required to execute letters of investment intent and must also acknowledge that the Shares will bear legends noting any applicable restrictions.
 - c. Terms of Director Options: Each such Option shall (i) have an exercise price equal to the Fair Market Value (per share) of the Shares on the date of grant of the Option, (ii) expire on the earlier of ten years from the date of grant, and (iii) shall become cumulatively exercisable in four equal annual installments of 25% each, upon completion of one full year of service on the Board of Directors after the date of grant, and continuing on each of the next three full years of service thereafter. Except as otherwise provided in the pertinent Option Agreement, if a director who receives Options pursuant to this subparagraph:
 - i. ceases to be a member of the Board of Directors for any reason other than death or Disability, any unexercised Options granted to such director may be exercised by the director within a period of ninety (90) days after the date the director ceases to be a member of the Board of Directors, but only to the extent of the number of Shares with respect to which the Options are exercisable on the date the director ceases to be a member of the Board of Directors, and in no event later than the expiration date of the Option; or
 - ii. ceases to be a member of the Board of Directors by reason of his or her death or Disability, any unexercised Options granted to such director may be exercised by the director (or by the director's personal representative, or the director's Survivors) within a period of one hundred eighty (180) days after the date the director ceases to be a member of the Board of Directors, but only to the extent of the number of Shares with respect to which the Options are exercisable on the date the director ceases to be a member of the Board of Directors, and in no event later than the expiration date of the Option.
- B. ISOs: Each Option intended to be an ISO shall be issued only to an Employee and be subject to the following terms and conditions, with such additional restrictions or changes as the Administrator determines are appropriate but not in conflict with Section 422 of the Code and relevant regulations and rulings of the Internal Revenue Service:

- a. Minimum standards: The ISO shall meet the minimum standards required of Non-Qualified Options, as described in Paragraph 6(A) above, except clauses (a) and (e) thereunder.

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- b. Option Price: Immediately before the ISO is granted, if the Participant owns, directly or by reason of the applicable attribution rules in Section 424(d) of the Code:
- i. 10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each ISO shall not be less than 100% of the Fair Market Value per share of the Shares on the date of the grant of the Option; or
 - ii. More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each ISO shall not be less than 110% of the Fair Market Value on the date of grant.
- c. Term of Option: For Participants who own:
- i. 10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide; or
 - ii. More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than five years from the date of the grant or at such earlier time as the Option Agreement may provide.
- d. Limitation on Yearly Exercise: The Option Agreements shall restrict the amount of ISOs which may become exercisable in any calendar year (under this or any other ISO plan of the Company or an Affiliate) so that the aggregate Fair Market Value (determined at the time each ISO is granted) of the stock with respect to which ISOs are exercisable for the first time by the Participant in any calendar year does not exceed \$100,000.

7. TERMS AND CONDITIONS OF STOCK GRANTS.

Each offer of a Stock Grant to a Participant shall state the date prior to which the Stock Grant must be accepted by the Participant, and the principal terms of each Stock Grant shall be set forth in an Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards:

- (a) Each Agreement shall state the purchase price (per share), if any, of the Shares covered by each Stock Grant, which purchase price shall be determined by the Administrator but shall not be less than the minimum consideration required by the Delaware General Corporation Law on the date of the grant of the Stock Grant;
- (b) Each Agreement shall state the number of Shares to which the Stock Grant pertains; and
- (c) Each Agreement shall include the terms of any right of the Company to restrict or reacquire the Shares subject to the Stock Grant, including the time and events upon which such rights shall accrue and the purchase price therefor, if any.

8. TERMS AND CONDITIONS OF OTHER STOCK-BASED AWARDS.

The Board shall have the right to grant other Stock-Based Awards based upon the Common Stock having such terms and conditions as the Board may determine, including, without limitation, the grant of Shares based upon certain conditions, the grant of securities convertible into Shares and the grant of stock appreciation rights, phantom stock awards or stock units. The principal terms of each Stock-Based Award shall be set forth in an Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company.

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9. EXERCISE OF OPTIONS AND ISSUE OF SHARES.

An Option (or any part or installment thereof) shall be exercised by giving written notice to the Company or its designee, together with provision for payment of the full purchase price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such notice shall be signed by the person exercising the Option, shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement. Payment of the purchase price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator, through delivery of shares of Common Stock having a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Option and held for at least six months, or (c) at the discretion of the Administrator, by having the Company retain from the shares otherwise issuable upon exercise of the Option, a number of shares having a Fair Market Value equal as of the date of exercise to the exercise price of the Option, or (d) at the discretion of the Administrator, by delivery of the grantee's personal recourse note bearing interest payable not less than annually at no less than 100% of the applicable Federal rate, as defined in Section 1274(d) of the Code, or (e) at the discretion of the Administrator, in accordance with a cashless exercise program established with a securities brokerage firm, and approved by the Administrator, or (f) at the discretion of the Administrator, by any combination of (a), (b), (c), (d) and (e) above or (g) at the discretion of the Administrator, payment of such other lawful consideration as the Administrator may determine. Notwithstanding the foregoing, the Administrator shall accept only such payment on exercise of an ISO as is permitted by Section 422 of the Code.

The Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be fully paid, non-assessable Shares.

The Administrator shall have the right to accelerate the date of exercise of any installment of any Option; provided that the Administrator shall not accelerate the exercise date of any installment of any Option granted to an Employee as an ISO (and not previously converted into a Non-Qualified Option pursuant to Paragraph 27) if such acceleration would violate the annual vesting limitation contained in Section 422(d) of the Code, as described in Paragraph 6.B.d.

The Administrator may, in its discretion, amend any term or condition of an outstanding Option provided (i) such term or condition as amended is permitted by the Plan, (ii) any such amendment shall be made only with the consent of the Participant to whom the Option was granted, or in the event of the death of the Participant, the Participant's Survivors, if the amendment is adverse to the Participant, and (iii) any such amendment of any Option shall be made only after the Administrator determines whether such amendment would constitute a "modification" of any Option which is an

ISO (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holder of such Option.

10. ACCEPTANCE OF STOCK GRANTS AND STOCK-BASED AWARDS AND ISSUE OF SHARES.

A Stock Grant or Stock-Based Award (or any part or installment thereof) shall be accepted by executing the applicable Agreement and delivering it to the Company or its designee, together with provision for payment of the full purchase price, if any, in accordance with this Paragraph for the Shares as to which such Stock Grant or Stock-Based Award is being accepted, and upon compliance with any other conditions set forth in the applicable Agreement. Payment of the purchase price for the Shares as to which such Stock Grant or Stock-Based Award is being accepted shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator, through delivery of shares of Common Stock held for at least six months and having a Fair Market Value

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equal as of the date of acceptance of the Stock Grant or Stock Based-Award to the purchase price of the Stock Grant or Stock-Based Award, or (c) at the discretion of the Administrator, by delivery of the grantee's personal recourse note bearing interest payable not less than annually at no less than 100% of the applicable Federal rate, as defined in Section 1274(d) of the Code, or (d) at the discretion of the Administrator, by any combination of (a), (b) and (c) above; or (e) at the discretion of the Administrator, payment of such other lawful consideration as the Administrator may determine.

The Company shall then, if required by the applicable Agreement, reasonably promptly deliver the Shares as to which such Stock Grant or Stock-Based Award was accepted to the Participant (or to the Participant's Survivors, as the case may be), subject to any escrow provision set forth in the applicable Agreement. In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance.

The Administrator may, in its discretion, amend any term or condition of an outstanding Stock Grant, Stock-Based Award or applicable Agreement provided (i) such term or condition as amended is permitted by the Plan, and (ii) any such amendment shall be made only with the consent of the Participant to whom the Stock Grant or Stock-Based Award was made, if the amendment is adverse to the Participant.

11. RIGHTS AS A SHAREHOLDER.

No Participant to whom a Stock Right has been granted shall have rights as a shareholder with respect to any Shares covered by such Stock Right, except after due exercise of the Option or acceptance of the Stock Grant or as set forth in any Agreement, and tender of the full purchase price, if any, for the Shares being purchased pursuant to such exercise or acceptance and registration of the Shares in the Company's share register in the name of the Participant.

12. ASSIGNABILITY AND TRANSFERABILITY OF STOCK RIGHTS.

By its terms, a Stock Right granted to a Participant shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as approved by the Administrator in its discretion and set forth in the applicable Agreement. Notwithstanding the foregoing, an ISO transferred except in compliance with clause (i) above shall no longer qualify as an ISO. The designation of a beneficiary of a Stock Right by a Participant, with the prior

approval of the Administrator and in such form as the Administrator shall prescribe, shall not be deemed a transfer prohibited by this Paragraph. Except as provided above, a Stock Right shall only be exercisable or may only be accepted, during the Participant's lifetime, by such Participant (or by his or her legal representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of any Stock Right or of any rights granted thereunder contrary to the provisions of this Plan, or the levy of any attachment or similar process upon a Stock Right, shall be null and void.

13. EFFECT ON OPTIONS OF TERMINATION OF SERVICE OTHER THAN "FOR CAUSE" OR DEATH OR DISABILITY.

Except as otherwise provided in a Participant's Option Agreement, in the event of a termination of service (whether as an employee, director or consultant) with the Company or an Affiliate before the Participant has exercised an Option, the following rules apply:

- a. A Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate (for any reason other than termination "for cause", Disability, or death for which events there are special rules in Paragraphs 14, 15, and 16, respectively), may exercise any Option granted to him or her to the extent that the Option is exercisable on the date of such termination of service, but only within such term as the Administrator has designated in a Participant's Option Agreement.

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- b. Except as provided in Subparagraph (c) below, or Paragraph 15 or 16, in no event may an Option intended to be an ISO, be exercised later than three months after the Participant's termination of employment.
- c. The provisions of this Paragraph, and not the provisions of Paragraph 15 or 16, shall apply to a Participant who subsequently becomes Disabled or dies after the termination of employment, director status or consultancy; provided, however, in the case of a Participant's Disability or death within three months after the termination of employment, director status or consultancy, the Participant or the Participant's Survivors may exercise the Option within one year after the date of the Participant's termination of service, but in no event after the date of expiration of the term of the Option.
- d. Notwithstanding anything herein to the contrary, if subsequent to a Participant's termination of employment, termination of director status or termination of consultancy, but prior to the exercise of an Option, the Board of Directors determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute "cause", then such Participant shall forthwith cease to have any right to exercise any Option.
- e. A Participant to whom an Option has been granted under the Plan who is absent from the Company or an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.
- f. Except as required by law or as set forth in a Participant's Option Agreement, Options granted under the Plan shall not be affected by any change of a Participant's status within or among the Company and any Affiliates, so long as the Participant continues to be an employee, director or

consultant of the Company or any Affiliate.

14. EFFECT ON OPTIONS OF TERMINATION OF SERVICE “FOR CAUSE”.

Except as otherwise provided in a Participant’s Option Agreement, the following rules apply if the Participant’s service (whether as an employee, director or consultant) with the Company or an Affiliate is terminated “for cause” prior to the time that all his or her outstanding Options have been exercised:

- a. All outstanding and unexercised Options as of the time the Participant is notified his or her service is terminated “for cause” will immediately be forfeited.
- b. For purposes of this Plan, “cause” shall include (and is not limited to) dishonesty with respect to the Company or any Affiliate, insubordination, substantial malfeasance or non-feasance of duty, unauthorized disclosure of confidential information, breach by the Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or similar agreement between the Participant and the Company, and conduct substantially prejudicial to the business of the Company or any Affiliate. The determination of the Administrator as to the existence of “cause” will be conclusive on the Participant and the Company.
- c. “Cause” is not limited to events which have occurred prior to a Participant’s termination of service, nor is it necessary that the Administrator’s finding of “cause” occur prior to termination. If the Administrator determines, subsequent to a Participant’s termination of service but prior to the exercise of an Option, that either prior or subsequent to the Participant’s termination the Participant engaged in conduct which would constitute “cause”, then the right to exercise any Option is forfeited.
- d. Any provision in an agreement between the Participant and the Company or an Affiliate, which contains a conflicting definition of “cause” for termination and which is in effect at the time of such termination, shall supersede the definition in this Plan with respect to that Participant.

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15. EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant’s Option Agreement:

- a. A Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate by reason of Disability may exercise any Option granted to such Participant:
 - (i) To the extent that the Option has become exercisable but has not been exercised on the date of Disability; and
 - (ii) In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of Disability of any additional vesting rights that would have accrued on the next vesting date had the Participant not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to the date of Disability.
- b. A Disabled Participant may exercise such rights only within the period ending one year after the date of the Participant’s termination of employment, directorship or consultancy, as the case may be, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant had not become Disabled and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the Option.
- c. The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another

agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

16. EFFECT ON OPTIONS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.
Except as otherwise provided in a Participant's Option Agreement:

- a. In the event of the death of a Participant while the Participant is an employee, director or consultant of the Company or of an Affiliate, such Option may be exercised by the Participant's Survivors:
 - (i) To the extent that the Option has become exercisable but has not been exercised on the date of death; and
 - (ii) In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of death of any additional vesting rights that would have accrued on the next vesting date had the Participant not died. The proration shall be based upon the number of days accrued in the current vesting period prior to the Participant's date of death.
- b. If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one year after the date of death of such Participant, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not died and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the Option.

17. EFFECT OF TERMINATION OF SERVICE ON UNACCEPTED STOCK GRANTS.

In the event of a termination of service (whether as an employee, director or consultant) with the Company or an Affiliate for any reason before the Participant has accepted a Stock Grant, such offer shall terminate.

For purposes of this Paragraph 17 and Paragraph 18 below, a Participant to whom a Stock Grant has been offered and accepted under the Plan who is absent from work with the Company or with an

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Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

In addition, for purposes of this Paragraph 17 and Paragraph 18 below, any change of employment or other service within or among the Company and any Affiliates shall not be treated as a termination of employment, director status or consultancy so long as the Participant continues to be an employee, director or consultant of the Company or any Affiliate.

18. EFFECT ON STOCK GRANTS OF TERMINATION OF SERVICE OTHER THAN "FOR CAUSE" OR DEATH OR DISABILITY.

Except as otherwise provided in a Participant's Stock Grant Agreement, in the event of a termination of service (whether as an employee, director or consultant), other than termination "for cause," Disability, or death for which events there are special rules in Paragraphs 19, 20, and 21, respectively, before all Company rights of repurchase shall

have lapsed, then the Company shall have the right to repurchase that number of Shares subject to a Stock Grant as to which the Company's repurchase rights have not lapsed.

19. EFFECT ON STOCK GRANTS OF TERMINATION OF SERVICE "FOR CAUSE".

Except as otherwise provided in a Participant's Stock Grant Agreement, the following rules apply if the Participant's service (whether as an employee, director or consultant) with the Company or an Affiliate is terminated "for cause":

- a. All Shares subject to any Stock Grant shall be immediately subject to repurchase by the Company at the purchase price, if any, thereof.
- b. For purposes of this Plan, "cause" shall include (and is not limited to) dishonesty with respect to the employer, insubordination, substantial malfeasance or non-feasance of duty, unauthorized disclosure of confidential information, breach by the Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or similar agreement between the Participant and the Company, and conduct substantially prejudicial to the business of the Company or any Affiliate. The determination of the Administrator as to the existence of "cause" will be conclusive on the Participant and the Company.
- c. "Cause" is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of "cause" occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute "cause," then the Company's right to repurchase all of such Participant's Shares shall apply.
- d. Any provision in an agreement between the Participant and the Company or an Affiliate, which contains a conflicting definition of "cause" for termination and which is in effect at the time of such termination, shall supersede the definition in this Plan with respect to that Participant.

20. EFFECT ON STOCK GRANTS OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant's Stock Grant Agreement, the following rules apply if a Participant ceases to be an employee, director or consultant of the Company or of an Affiliate by reason of Disability: to the extent the Company's rights of repurchase have not lapsed on the date of Disability, they shall be exercisable; provided, however, that in the event such rights of repurchase lapse periodically, such rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant through the date of Disability as would have lapsed had the Participant not become Disabled. The proration shall be based upon the number of days accrued prior to the date of Disability.

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The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

21. EFFECT ON STOCK GRANTS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

Except as otherwise provided in a Participant's Stock Grant Agreement, the following rules apply in the event of the death of a Participant while the Participant is an employee, director or consultant of the Company or of an Affiliate: to the extent the Company's rights of repurchase have not lapsed on the date of death, they shall be exercisable; provided, however, that in the event such rights of repurchase lapse periodically, such rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant through the date of death as would have lapsed had the Participant not died. The proration shall be based upon the number of days accrued prior to the Participant's death.

22. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares to be issued upon the particular exercise or acceptance of a Stock Right shall have been effectively registered under the Securities Act of 1933, as now in force or hereafter amended (the "1933 Act"), the Company shall be under no obligation to issue the Shares covered by such exercise unless and until the following conditions have been fulfilled:

- a. The person(s) who exercise(s) or accept(s) such Stock Right shall warrant to the Company, prior to the receipt of such Shares, that such person(s) are acquiring such Shares for their own respective accounts, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person(s) acquiring such Shares shall be bound by the provisions of the following legend which shall be endorsed upon the certificate(s) evidencing their Shares issued pursuant to such exercise or such grant:

"The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws."

- b. At the discretion of the Administrator, the Company shall have received an opinion of its counsel that the Shares may be issued upon such particular exercise or acceptance in compliance with the 1933 Act without registration thereunder.

23. DISSOLUTION OR LIQUIDATION OF THE COMPANY.

Upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised and all Stock Grants and Stock-Based Awards which have not been accepted will terminate and become null and void; provided, however, that if the rights of a Participant or a Participant's Survivors have not otherwise terminated and expired, the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise or accept any Stock Right to the extent that the Stock Right is exercisable or subject to acceptance as of the date immediately prior to such dissolution or liquidation. Upon the dissolution or liquidation of the Company, any outstanding Stock-Based Awards shall immediately terminate unless otherwise determined by the Administrator or specifically provided in the applicable Agreement.

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24. ADJUSTMENTS.

Upon the occurrence of any of the following events, a Participant's rights with respect to any Stock Right granted to him or her hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in a Participant's Agreement:

A. Stock Dividends and Stock Splits. If (i) the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock, the number of shares of Common Stock deliverable upon the exercise of an Option or acceptance of a Stock Grant may be appropriately increased or decreased proportionately, and appropriate adjustments may be made including, in the purchase price per share, to reflect such events. The number of Shares subject to options to be granted to directors pursuant to Paragraph 6(A)(e) and the number of Shares subject to the limitation in Paragraph 4(c) shall also be proportionately adjusted upon the occurrence of such events.

B. Corporate Transactions. If the Company is to be consolidated with or acquired by another entity in a merger, sale of all or substantially all of the Company's assets other than a transaction to merely change the state of incorporation (a "Corporate Transaction"), the Administrator or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board"), shall, as to outstanding Options, either (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the Shares then subject to such Options either the consideration payable with respect to the outstanding shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity; or (ii) upon written notice to the Participants, provide that all Options must be exercised (either (a) to the extent then exercisable or, (b) at the discretion of the Administrator, all Options being made fully exercisable for purposes of this Subparagraph), within a specified number of days of the date of such notice, at the end of which period the Options shall terminate; or (iii) terminate all Options in exchange for a cash payment equal to the excess of the Fair Market Value of the Shares subject to such Options (either (a) to the extent then exercisable or, (b) at the discretion of the Administrator, all Options being made fully exercisable for purposes of this Subparagraph) over the exercise price thereof.

With respect to outstanding Stock Grants, the Administrator or the Successor Board, shall either (i) make appropriate provisions for the continuation of such Stock Grants on the same terms and conditions by substituting on an equitable basis for the Shares then subject to such Stock Grants either the consideration payable with respect to the outstanding Shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity; or (ii) terminate all Stock Grants in exchange for a cash payment equal to the excess of the Fair Market Value of the Shares subject to such Stock Grants over the purchase price thereof, if any. In addition, in the event of a Corporate Transaction, the Administrator may waive any or all Company repurchase rights with respect to outstanding Stock Grants.

C. Recapitalization or Reorganization. In the event of a recapitalization or reorganization of the Company other than a Corporate Transaction pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, a Participant upon exercising an Option or accepting a Stock Grant after the recapitalization or reorganization shall be entitled to receive for the purchase price paid upon such exercise or acceptance of the number of replacement securities which would have been received if such Option had been exercised or Stock Grant accepted prior to such recapitalization or reorganization.

D. Adjustments to Stock-Based Awards. Upon the happening of any of the events described in Subparagraphs A, B or C above, any outstanding Stock-Based Award shall be appropriately adjusted to reflect the events described in such Subparagraphs. The Administrator or the Successor Board shall determine the specific adjustments to be made under this Paragraph

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24, including, but not limited to the effect if any, of a Change in Control and, subject to Paragraph 4, its determination shall be conclusive.

E. Modification of ISOs. Notwithstanding the foregoing, any adjustments made pursuant to Subparagraph A, B or C above with respect to ISOs shall be made only after the Administrator determines whether such adjustments would constitute a “modification” of such ISOs (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holders of such ISOs. If the Administrator determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs, it may refrain from making such adjustments, unless the holder of an ISO specifically requests in writing that such adjustment be made and such writing indicates that the holder has full knowledge of the consequences of such “modification” on his or her income tax treatment with respect to the ISO.

25. ISSUANCES OF SECURITIES.

Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Stock Rights. Except as expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company prior to any issuance of Shares pursuant to a Stock Right.

26. FRACTIONAL SHARES.

No fractional shares shall be issued under the Plan and the person exercising a Stock Right shall receive from the Company cash in lieu of such fractional shares equal to the Fair Market Value thereof.

27. CONVERSION OF ISOs INTO NON-QUALIFIED OPTIONS; TERMINATION OF ISOs.

The Administrator, at the written request of any Participant, may in its discretion take such actions as may be necessary to convert such Participant’s ISOs (or any portions thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the Participant is an employee of the Company or an Affiliate at the time of such conversion. At the time of such conversion, the Administrator (with the consent of the Participant) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Administrator in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any Participant the right to have such Participant’s ISOs converted into Non-Qualified Options, and no such conversion shall occur until and unless the Administrator takes appropriate action. The Administrator, with the consent of the Participant, may also terminate any portion of any ISO that has not been exercised at the time of such conversion.

28. WITHHOLDING.

In the event that any federal, state, or local income taxes, employment taxes, Federal Insurance Contributions Act (“F.I.C.A.”) withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Participant’s salary, wages or other remuneration in connection with the exercise or acceptance of a Stock Right or in connection with a Disqualifying Disposition (as defined in Paragraph 29) or upon the lapsing of any right of repurchase, the Company may withhold from the Participant’s compensation, if any, or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the statutory minimum amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company’s Common Stock or a promissory note, is authorized by the Administrator (and permitted by law). For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner provided in Paragraph 1 above, as of the most recent practicable date prior to the date of exercise. If the fair market value of the shares withheld is less than the amount of payroll withholdings required, the Participant may be required to advance the difference in cash to the Company or the Affiliate

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employer. The Administrator in its discretion may condition the exercise of an Option for less than the then Fair Market Value on the Participant's payment of such additional withholding.

29. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

Each Employee who receives an ISO must agree to notify the Company in writing immediately after the Employee makes a Disqualifying Disposition of any shares acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is defined in Section 424(c) of the Code and includes any disposition (including any sale or gift) of such shares before the later of (a) two years after the date the Employee was granted the ISO, or (b) one year after the date the Employee acquired Shares by exercising the ISO, except as otherwise provided in Section 424(c) of the Code. If the Employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

30. TERMINATION OF THE PLAN.

The Plan will terminate on 10 years after adoption, the date which is ten years from the earlier of the date of its adoption by the Board of Directors and the date of its approval by the shareholders of the Company. The Plan may be terminated at an earlier date by vote of the shareholders or the Board of Directors of the Company; provided, however, that any such earlier termination shall not affect any Agreements executed prior to the effective date of such termination.

31. AMENDMENT OF THE PLAN AND AGREEMENTS.

The Plan may be amended by the shareholders of the Company. The Plan may also be amended by the Administrator, including, without limitation, to the extent necessary to qualify any or all outstanding Stock Rights granted under the Plan or Stock Rights to be granted under the Plan for favorable federal income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options under Section 422 of the Code, and to the extent necessary to qualify the shares issuable upon exercise or acceptance of any outstanding Stock Rights granted, or Stock Rights to be granted, under the Plan for listing on any national securities exchange or quotation in any national automated quotation system of securities dealers. Any amendment approved by the Administrator which the Administrator determines is of a scope that requires shareholder approval shall be subject to obtaining such shareholder approval. Any modification or amendment of the Plan shall not, without the consent of a Participant, adversely affect his or her rights under a Stock Right previously granted to him or her. With the consent of the Participant affected, the Administrator may amend outstanding Agreements in a manner which may be adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Agreements may be amended by the Administrator in a manner which is not adverse to the Participant.

32. EMPLOYMENT OR OTHER RELATIONSHIP.

Nothing in this Plan or any Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment, consultancy or director status of a Participant, nor to prevent a Participant from terminating his or her own employment, consultancy or director status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

33. GOVERNING LAW.

This Plan shall be construed and enforced in accordance with the law of the State of Delaware.

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ANNEX E

March 21, 2006

Personal and Confidential

Services Acquisition Corp. International
401 East Las Olas Blvd, Suite 1140
Fort Lauderdale, FL 33301

Members of the Board of Directors:

You have requested our opinion as to the fairness, from a financial point of view, of the “Per Share Merger Consideration” to be paid to the holders of Company Capital Stock and vested Company Options of Jamba Juice Company (the “Company”) in connection with the merger (the “Merger”) of JJC Acquisition Company, Inc. (the “Merger Sub”) with and into the Company pursuant to the Agreement and Plan of Merger, dated as of March 10, 2006 (the “Merger Agreement”), among Services Acquisition Corp. International (“Parent”), Merger Sub and the Company. For purposes of this opinion, we have assumed that the Per Share Merger Consideration will be \$6.03.

North Point Advisors LLC (“North Point”), as a customary part of its investment banking business, is engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, underwriting and secondary distributions of securities, private placements and other purposes. We have acted as financial advisor to the Parent in connection with the Merger and will receive a fee for providing this opinion. This opinion fee is not contingent upon the consummation of the Merger or upon the conclusions expressed herein regarding the fairness of the Per Share Merger Consideration in the Merger. Also, whether or not the Merger is consummated, the Parent has agreed to pay the reasonable out-of-pocket expenses of North Point and to indemnify North Point against certain liabilities in connection with our services.

In arriving at our opinion, we have undertaken such review, analyses and inquiries as we deemed necessary and appropriate under the circumstances. Among other things, we have reviewed:

- (i) the Merger Agreement,
- (ii) certain publicly available financial, operating and business information related to the Company, including certain audited and unaudited financial statements of the Company,
- (iii) certain internal information prepared and furnished by the Company’s management with respect to the business, operations and prospects of the Company, including financial forecasts and projected financial data,
- (iv) to the extent publicly available, information concerning selected transactions deemed comparable to the proposed Merger,
- (v) certain publicly available financial and securities data of selected public companies deemed comparable to the Company,
- (vi) certain internal financial information, including financial forecasts, of the Company on a stand-alone basis, prepared and furnished by the Company’s management,

(vii) certain publicly available market and securities data of the Company, and

(viii) certain publicly available press releases and research reports.

We had discussions with members of the management of the Company concerning the financial condition, current operating results and business outlook for the Company. We also had discussions with members of the management of the Company concerning the financial condition and historical operating results for the Company, and the regulatory and business outlook for the Company on a stand-alone basis.

We have relied upon and assumed the completeness, accuracy and fairness of (and the absence of any misleading statements in) the financial statements, financial forecasts, the Company management's

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estimates as to the future performance of the Company, and other information provided to us by or on behalf of the Company, or otherwise made available to us, and we have not assumed responsibility for the independent verification of that information. We have further relied upon the assurances of the management of the Company that the information provided to us by the Company was prepared on a reasonable basis in accordance with industry practice and that such information provides a reasonable basis upon which we can form our opinion.

With respect to the financial planning data, forward-looking statements, and other business outlook information provided to us, we assumed that the information had been reasonably prepared by the Company on bases reflecting the best currently available estimates and judgment of the Company's management, that the information was based on reasonable assumptions, and that it reflects the anticipated effects of all transactions contemplated in connection with the Merger. We express no opinion as to such financial planning data or the assumptions on which it is based. In addition, various analyses performed by us incorporate forecasts prepared by research analysts using only publicly available information. These forecasts may or may not prove to be accurate.

We further assume that neither the management of the Parent or the Company is aware of any information or facts that would make the information provided to us incomplete or misleading. We have also assumed that there have been no material changes in the Company's assets, financial condition, results of operations, business or prospects since the respective dates of the last financial statements made available to us. We have assumed that the Company is not party to any pending transaction, including external financing, recapitalization, acquisition, merger, consolidation or asset sale discussions, other than the Merger or in the ordinary course of business.

We have assumed with your consent that the Merger will be consummated in accordance with the terms described in the Merger Agreement. We have assumed that all the necessary regulatory approvals and consents required for the Merger will be obtained in a manner that will not change the Per Share Merger Consideration to be paid in the Merger. We have further assumed that the Merger will be consummated in a manner that complies in all respects with the applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other applicable federal and state statutes, rules and regulations.

We were not requested to opine as to, and this opinion does not address, the basic business decision to proceed with or effect the Merger. We did not structure the Merge or negotiate the terms of the Merger. Our opinion does not address, nor should it be construed to address, the relative merits of the Merger, on the one hand, or any alternative business strategies or alternative transactions that may be available to the Company, on the other hand, or any tax consequences of the Merger. We were not authorized to and did not solicit any expression of interest from any other parties with

respect to any alternative transaction.

In arriving at our opinion, we have not performed any appraisals or valuations of any specific assets or liabilities of the Company, we have not been furnished with any such appraisals or valuations, and we did not make any physical inspection of any property or asset. We express no opinion regarding the liquidation value or financial solvency of any entity. Without limiting the generality of the foregoing, we have undertaken no independent analysis of any pending or threatened litigation, possible unasserted claims or other contingent liabilities, to which the Parent or the Company or any of their respective affiliates is a party or may be subject and, at the Parent's direction and with its consent, our opinion makes no assumption concerning, and therefore does not consider, the possible assertions of claims, outcomes or damages arising out of any such matters.

This opinion is necessarily based upon market, economic and other conditions as they exist and can be evaluated on the date hereof, and upon the information available to us and facts and circumstances as they exist and are subject to evaluation on the date hereof; events occurring after the date hereof could materially affect the assumptions used in preparing this opinion. We have not undertaken to update, reaffirm or revise this opinion or otherwise comment upon any events occurring after the date hereof and do not have any obligation to update, revise or reaffirm this opinion.

In arriving at this opinion, North Point did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of

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each analysis and factor. Accordingly, North Point believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering all analyses, would create an incomplete view of the process underlying this opinion.

This opinion is given at the request of the Board of Directors of the Parent as further information for the stockholders of the Parent in considering the Merger, and may not be used for any other purpose, and this opinion may not be disseminated, quoted from or referred to at any time, without our prior written approval ; provided that this letter may be included in its entirety in any proxy statement distributed to the holders of Parent's stock or the Company Capital Stock in connection with the Merger.

Based upon and subject to the foregoing and based upon such other factors as we consider relevant, it is our opinion that the Per Share Merger Consideration proposed to be paid to the holders of Company Capital Stock and vested Company Options in the Merger pursuant to the Merger Agreement is fair, from a financial point of view, to Parent.

Sincerely,

/s/

NORTH POINT ADVISORS LLC

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