

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: March 31, 2013

Or

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

For the transition period from _____ to _____

Commission File Number: **333-145088**

SPINDLE, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

20-8241820

(I.R.S. Employer Identification No.)

18835 North Thompson Peak Parkway, Suite 210

Scottsdale, AZ

(Address of principal executive offices)

85255

(Zip Code)

(480) 335-7351

(Registrant's telephone number, including area code)

6821 East Thomas Road

Scottsdale, AZ 85251

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer []

Non-accelerated filer [] (Do not check if a smaller reporting company)

Accelerated filer []

Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes [] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 30, 2013: 25,103,858 shares of Common Stock.

SPINDLE, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission ("Commission"). While these statements reflect all normal recurring adjustments which are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the financial statements and footnotes thereto, which are included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 as filed with the Commission on July 19, 2013.

Spindle, Inc.
Condensed Consolidated Balance Sheets

Assets	March 31, 2013	December 31, 2012
	(Unaudited)	
Current assets:		
Cash	\$ 31,040	\$ 111,584
Restricted cash	20,000	20,000
Accounts receivable	181,672	37,362
Prepaid expenses and current deposits	307,317	135,535
Notes receivable, net of notes payable of \$232,234 and \$230,736	65,886	64,586
Total current assets	605,915	369,067
Fixed assets, net of accumulated depreciation of \$2,934 and \$2,031, respectively	16,175	17,078
Other assets:		
License agreements, net of accumulated amortization of \$81,441 and \$75,878, respectively	151,252	156,815
Software development, net of accumulated amortization of \$26,931 and \$0, respectively	1,058,032	547,657
Residual contract revenue	589,294	589,294
Deposits	6,842	3,842
Goodwill	2,679,970	-
Total other assets	4,485,390	1,297,608
Total assets	\$ 5,107,480	\$ 1,683,753
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 570,914	\$ 353,811
Accrued liabilities - related party	12,891	11,831
Total current liabilities	583,805	365,642
Long-term liabilities:		
Notes payable - related party, net of debt discount of \$18,901 and \$23,266, respectively	267,899	333,534
Note payable	-	27,566
Total long-term liabilities	267,899	361,100
Total liabilities	851,704	726,742
Stockholders' equity:		
Preferred stock, \$0.001 par value, 50,000,000 shares authorized, no shares issued and outstanding as of March 31, 2013 and December 31, 2012, respectively	-	-
Common stock, \$0.001 par value, 200,000,000 shares authorized, 17,427,919 and 16,400,000 shares issued and outstanding as of March 31, 2013 and December 31, 2012, respectively	19,919	18,428
Common stock payable, \$0.001 par value, 2,363,000 and 1,425,000 shares owed but not issued as of March 31, 2013 and December 31, 2012, respectively	6,014	2,514
Additional paid in capital	7,708,906	3,835,683
Unamortized equity compensation	(187,209)	(283,001)
Accumulated deficit	(3,291,854)	(2,616,613)
Total stockholders' equity	4,255,776	957,011
Total liabilities and stockholders' equity	\$ 5,107,480	\$ 1,683,753

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

Spindle, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	The Three Months Ended	
	March 31,	
	2013	2012
		(RESTATED)
Revenue	\$ 378,236	\$ -
Cost of sales	122,608	-
Gross profit	255,628	-
Expenses:		
Depreciation and amortization	33,397	12,646
Promotional and marketing	11,325	1,275
Consulting	34,160	28,300
Salaries and wages	467,900	82,779
Directors fees	26,505	
Professional fees	247,017	47,738
Travel	16,441	17,193
Rent	19,742	6,555
General and administrative expenses	70,639	4,456
Total expenses	927,126	200,942
Net operating (loss)	(671,498)	(200,942)
Other expense:		
Interest income	425	1,870
Interest expense - related party	(4,168)	(3,130)
Total other expense	(3,743)	(1,260)
Net (loss) before provision for income tax	(675,241)	(202,202)
Provision for income taxes	-	-
Net Income (Loss)	\$ (675,241)	\$ (202,202)
Weighted average number of common shares		
outstanding - basic and fully diluted	19,683,367	16,524,847
Net income (loss) per share - basic and fully diluted	\$ (0.03)	\$ (0.01)

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

Spindle, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	The Three Months Ended	
	March 31,	
	2013	2012
Cash flows from operating activities		(RESTATED)
Net (loss)	\$ (675,241)	\$ (202,202)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Shares issued for services	62,046	-
Depreciation and amortization	33,397	12,646
Amortization of debt discount - related party	4,365	954
Options granted for services	95,792	-
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(144,310)	-
(Increase) decrease in prepaid expenses	54,361	(5,000)
(Increase) in accrued interest receivable	(2,798)	306
(Increase) decrease in deposits and other assets	(3,000)	-
Increase (decrease) in accounts payable	218,909	104,159
Increase (decrease) in accrued interest	1,498	-
Increase (decrease) in accrued interest - related party	1,060	-
Net cash (used in) operating activities	(353,921)	(89,137)
	-	
Cash flows from investing activities		
Increase in software development costs	(86,582)	(109,000)
Net cash (used in) investing activities	(86,582)	(109,000)
Cash flows from financing activities		
Payments on notes payable	(27,566)	-
Proceeds from notes payable - related party	-	55,500
Payments on notes payable - related party	(70,000)	-
Proceeds from the sale of common stock	457,525	159,500
Net cash provided by financing activities	359,959	215,000
Net increase (decrease) in cash	(80,544)	16,863
Cash, beginning	111,584	3,109
Cash, ending	\$ 31,040	\$ 19,972
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Shares issued for services	\$ 62,046	\$ -
Shares issued for acquisition	\$ 3,132,500	\$ -
Options granted for services	\$ 95,792	\$ -

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

Spindle, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 1 - Basis of presentation

The interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these condensed interim financial statements be read in conjunction with the financial statements of the Company for the year ended December 31, 2012 and notes thereto included in the Company's Annual Report on Form 10-K. The Company follows the same accounting policies in the preparation of interim reports.

Results of operations for the interim periods are not indicative of annual results.

Note 2 - Summary of Significant Accounting Policies

Reclassification

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

Revenue Recognition

Revenue is derived on a per message/notification basis through the Company's patented technologies and a modular, adaptable platform designed to create multi-channel messaging gateways for all types of connected devices. The Company also earns revenue for services, such as programming, licensure on Software as a Service ("SaaS") basis, and on a performance basis, such as when a client acquires a new customer through our platform. Revenue is recognized in accordance with Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," as revised by SAB No. 104. As such, the Company recognizes revenue when persuasive evidence of an arrangement exists, title transfer has occurred, the price is fixed or readily determinable, and collectability is probable. Sales are recorded net of sales discounts.

Accounts Receivable

Accounts receivable is reported at the customers' outstanding balances, less any allowance for doubtful accounts. Interest is not accrued on overdue accounts receivable.

Allowance for Doubtful Accounts

An allowance for doubtful accounts on accounts receivable is charged to operations in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and information collected from individual customers. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired.

Property and Equipment

Property and equipment are stated at cost. Major renewals and improvements are charged to the asset accounts while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed. At the time property and equipment are retired or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to income.

Spindle, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Property and Equipment, continued

Depreciation is computed on the straight-line and accelerated methods for financial reporting and income tax reporting purposes based upon the following estimated useful lives:

Software development	3-5 years
Equipment	5 years
Computer hardware	5 years
Office furniture	7 years

Long-Lived Assets

The Company accounts for its long-lived assets in accordance with Accounting Standards Codification (“ASC”) Topic 360-10-05, “Accounting for the Impairment or Disposal of Long-Lived Assets.” ASC Topic 360-10-05 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset’s carrying value and fair value or disposable value. The Company determined that none of its long-term assets at March 31, 2013 and were impaired.

Capitalized Software Development Costs

The Company capitalizes internal software development costs subsequent to establishing technological feasibility of a software application. Capitalized software development costs represent the costs associated with the internal development of the Company’s software applications. Amortization of such costs is recorded on a software application-by-application basis, based on the greater of the proportion of current year sales to total of current and estimated future sales for the applications or the straight-line method over the remaining estimated useful life of the software application. The Company continually evaluates the recoverability of capitalized software costs and will charge to operations amounts that are deemed unrecoverable for projects it abandons.

Issuances Involving Non-cash Consideration

All issuances of the Company’s stock for non-cash consideration have been assigned a dollar amount equaling the market value of the shares issued on the date the shares were issued for such services and property. The non-cash consideration paid pertains to consulting services and the acquisition of a software license.

Stock Based Compensation

The Company accounts for stock-based payments to employees in accordance with ASC 718, “Stock Compensation” (“ASC 718”). Stock-based payments to employees include grants of stock, grants of stock options and issuance of warrants that are recognized in the consolidated statement of operations based on their fair values at the date of grant.

The Company accounts for stock-based payments to non-employees in accordance with ASC 505-50, “Equity-Based Payments to Non-Employees.” Stock-based payments to non-employees include grants of stock, grants of stock options and issuances of warrants that are recognized in the consolidated statement of operations based on the value of the vested portion of the award over the requisite service period as measured at its then-current fair value as of each financial reporting date.

The Company calculates the fair value of option grants and warrant issuances utilizing the Binomial pricing model. The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. ASC 718 requires forfeitures to be estimated at the time stock options are granted and warrants are issued to employees and non-employees, and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term “forfeitures” is distinct from “cancellations” or “expirations” and represents only the unvested portion of the surrendered stock option or warrant. The Company estimates forfeiture rates for all unvested awards when calculating the expense for the period. In estimating the forfeiture rate, the Company monitors both stock option and

Spindle, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Stock Based Compensation, continued

warrant exercises as well as employee termination patterns. The resulting stock-based compensation expense for both employee and non-employee awards is generally recognized on compensation under ASC Topic 505-50, formerly Statement of Financial Accounting Standards ("SFAS") No. 123R, "Share-Based Payment" and SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - An amendment to SFAS No. 123." These standards define a fair-value-based method of accounting for stock-based compensation. In accordance with SFAS Nos. 123R and 148, the cost of stock-based compensation is measured at the grant date based on the value of the award and is recognized over the vesting period. The value of the stock-based award is determined using the Binomial or Black-Scholes option-pricing models, whereby compensation cost is the excess of the fair value of the award as determined by the pricing model at the grant date or other measurement date over the amount that must be paid to acquire the stock. The resulting amount is charged to expense on the straight-line basis over the period in which the Company expects to receive the benefit, which is generally the vesting period.

During the three months ended March 31, 2013, the Company recognized stock-based compensation expense totaling \$157,838 of which \$95,792 was recognized through the vesting of 178,333 common stock options and \$62,046 was recognized as compensation on the issuance of 576,738 shares issued to consultants.

Loss per Share

The Company reports earnings (loss) per share in accordance with ASC Topic 260-10, "Earnings per Share." Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share has not been presented since the effect of the assumed conversion of warrants and debt to purchase common shares would have an anti-dilutive effect. Potential common shares as of September 30, 2012 that have been excluded from the computation of diluted net loss per share amounted to 64,174,869 shares and include 23,116,595 warrants, 32,210,000 options and \$ 4,424,137 of debt and accrued interest convertible into 8,848,274 shares of the Company's common stock. Of the 64,174,869 potential common shares at September 30, 2012, 8,499,334 were not vested. Potential common shares as of September 30, 2011 that have been excluded from the computation of diluted net loss per share total 49,810,986 shares and include 16,030,986 warrants and 33,780,000 options.

Cash and Cash Equivalents

For purpose of the statements of cash flows, the Company considers cash and cash equivalents to include all stable, highly liquid investments with maturities of three months or less.

Concentration of Credit Risk

The Company primarily transacts its business with one financial institution. The amount on deposit in that one institution may from time to time exceed the federally-insured limit.

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 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.

Income Taxes

The Company accounts for its income taxes under the provisions of ASC Topic 740, "Income Taxes." The method of accounting for income taxes under ASC 740 is an asset and liability method. The asset and liability method requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between tax bases and financial reporting bases of other assets and liabilities.

Spindle, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Recent Accounting Pronouncements

In July 2012, the FASB issued ASU 2012-02, "Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment" ("ASU 2012-02"), which permits an entity to make a qualitative assessment of whether it is more likely than not that the fair value of a reporting unit's indefinite-lived intangible asset is less than the asset's carrying value before applying the two-step goodwill impairment model that is currently in place. If it is determined through the qualitative assessment that the fair value of a reporting unit's indefinite-lived intangible asset is more likely than not greater than the asset's carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. ASU 2012-02 is effective for the Company for annual and interim indefinite-lived intangible asset impairment tests performed beginning October 1, 2012; however, early adoption is permitted. The Company believes the adoption of ASU 2012-02 will not have a material impact on its consolidated financial statements.

The Company continually assesses any new accounting pronouncements to determine their applicability to the Company. Where it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequence of the change to its financial statements and assures that there are proper controls in place to ascertain that the Company's financials properly reflect the change.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Loss per share

Net loss per share is provided in accordance with FASB ASC 260-10, "Earnings per Share". Basic loss per share is computed by dividing losses available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share gives effect to all dilutive potential common shares outstanding during the period. Dilutive loss per share excludes all potential common shares if their effect is anti-dilutive. The Company had dilutive common stock equivalents, such as stock options or warrants, as of March 31, 2013. See Note 10.

Revenue recognition

The Company recognizes revenue when all of the following conditions are satisfied: (1) there is persuasive evidence of an arrangement; (2) the service has been provided to the customer; (3) the amount of fees to be paid by the customer is fixed or determinable; and (4) the collection of our fees is probable.

Sales related to long-term contracts for services (such as engineering, product development and testing) extending over several years are accounted for under the percentage-of-completion method of accounting. Sales and earnings under these contracts are recorded based on the ratio of actual costs incurred to total estimated costs expected to be incurred related to the contract under the cost-to-cost method based budgeted milestones or tasks as designated per each contract. Anticipated losses on contracts are recognized in full in the period in which losses become probable and estimable.

For all other sales of product or services the Company recognizes revenues based on the terms of the customer agreement. The customer agreement takes the form of either a contract or a customer purchase order and each provides information with respect to the product or service being sold and the sales price. If the customer agreement does not have specific delivery or customer acceptance terms, revenue is recognized at the time of shipment of the product to the customer.

Recent Accounting Pronouncements

The Company evaluated all of the other recent accounting updates through November 2012 and deemed that they would not have a material effect on the financial position, results of operations or cash flows of the Company.

Spindle, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 3 - Going concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As shown in the accompanying financial statements, the Company has incurred a net loss of \$675,241 for the three months ended March 31, 2013 and has an accumulated deficit of \$3,291,854.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. The Company is significantly dependent upon its ability, and will continue to attempt, to secure equity and/or additional debt financing. The Company has recently issued debt securities and may conduct an offering of its equity securities to raise proceeds to finance its plan of operation. There are no assurances that the Company will be successful and without sufficient financing it would be unlikely for the Company to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might arise from this uncertainty.

Note 4. Accounts Receivable

Accounts receivable consist of the following:

	March 31, 2013	December 31, 2012
Due from customers	\$ 181,672	\$ 37,362
Less allowance for bad debts	-	-
	\$ 181,672	\$ 37,362

Note 5 - Prepaid expenses and deposits

On February 7, 2012, the Company entered into a legal retainer agreement with a law firm, for which the Company paid a legal retainer of \$5,000. The retainer will be expensed at the sole discretion of the law firm and all ongoing legal fees are billed to the Company as incurred. During the three months ended March 31, 2013, the Company recognized legal expenses of \$225,274. As of March 31, 2013, the balance in prepaid expenses was \$365.

On January 23, 2013, the Company entered into a public relations consulting agreement for a term of two years. In accordance with the terms of the agreement, the Company issued 500,000 fully vested shares of common stock valued at \$250,000 as a prepayment for the consulting services. The estimated fair value will be amortized on a straight-line basis of the term of the agreement. As of March 31, 2013, the Company recorded \$23,857 as consulting expense related to the service for the three month period. The remaining prepaid balance at March 31, 2013 totaled \$226,143.

During 2012, the Company entered into a business marketing agreement for term of one year. In accordance with the terms of each agreement, the Company issued 350,000 fully vested shares of common stock valued at \$175,000 as a non-refundable retainer for services. The estimated fair value will be amortized on a straight-line basis of the term of the agreement. As of March 31, 2013, the Company recorded \$43,749 as consulting expense related to the service for the three month period. The remaining prepaid balance at March 31, 2013 totaled \$78,750.

As of March 31, 2013, the Company had additional prepaid expenses in the amount of \$2,060 related to its operating leases

Spindle, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 6 - Fixed assets

Fixed assets consisted of the following at:

	March 31, 2013	December 31, 2012
Office furniture & equipment	\$ 19,109	\$ 19,109
Less: Accumulated depreciation	2,934	2,031
Total fixed assets, net	<u>\$ 16,175</u>	<u>\$ 17,078</u>

Note 7 - Capitalized software costs

Capitalized software costs consisted of the following at:

	March 31, 2013	December 31, 2012
Capitalized software costs	\$ 1,084,963	\$ 547,657
Less: Accumulated depreciation	26,931	-
Total fixed assets, net	<u>\$ 1,058,032</u>	<u>\$ 547,657</u>

Note 8 - Notes payable - related party

On November 14, 2011, the Company entered into a promissory note with a related party for \$25,000. The note bears 0% interest and is due on November 13, 2014. In connection with the note, the note-holder was issued warrants to purchase up to 250,000 shares of the Company's common stock at a price per share of \$1.00. This resulted in a discount of \$17,709 attributed to the value of the note, which amount is being amortized over a period of 36 months. During the three months ended March 31, 2013, a total of \$1,579 has been amortized and recorded as interest expense related to the warrants. See Note 10 for additional discussion regarding the issuance of warrants.

On December 15, 2011, the Company received loans from a related party totaling \$51,300. The related party agreed to loan the Company up to \$60,000 and the entire balance of principal and interest is due on December 15, 2014. The loan is unsecured and bears no interest. On May 3, 2012, the related party agreed to increase the maximum loan amount to \$250,000. Principal balance owed by the Company to the related party as of March 31, 2013 and December 31, 2012 was \$206,800.

On December 17, 2012, the Company issued a promissory note in the amount of \$50,000 to a related party, the note is non-interest bearing, unsecured and matures on January 15, 2013. In the event of default, the loan will bear a default rate of interest at 10% per annum. As of March 31, 2013, the principal balance was unpaid and the Company recorded related party interest at the default rate in the amount of \$1,060.

On December 15, 2012, the Company issued a promissory note in the amount of \$100,000 to its chief executive officer for amounts previously advanced to the Company for working capital. The note is non-interest bearing, unsecured and matures on December 15, 2014. The Company imputed interest at a rate of 2% per annum and recorded a discount in the amount of \$2,059 which is amortized to interest expense over the term of the note. During the three months ended March 31, 2013, the Company repaid \$70,000 of the principal balance of the loan and recorded interest expense of \$490 related to the discount.

Spindle, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 9 - Stockholders' equity

The Company is authorized to issue up to 300,000,000 shares of common stock, par value \$0.001.

During the three months ended March 31, 2013, the Company issued 915,050 shares of its common stock for cash proceeds totaling \$457,525.

During the three months ended March 31, 2013, the Company issued a total of 576,378 shares of common stock pursuant to terms of consulting agreements. The estimated fair value of the shares totaled \$288,189 of which \$62,046 has been recorded as a consulting expense and the remaining \$226,143 has been recorded as prepaid consulting fees to be amortized over a remaining term of twenty-one months.

On March 20, 2013, the Company authorized the issuance of 3,500,000 shares with an estimated fair value of \$3,132,500 in connection with an asset acquisition. As of March 31, 2013, the shares are unissued.

Note 10 - Warrants and options

On November 14, 2011, the Company issued warrants to purchase shares of the Company's common stock to a related-party in conjunction with a promissory note. The warrant holder was granted the right to purchase 250,000 shares of common stock of the Company for an aggregate purchase price of \$250,000 or \$1.00 per share. The aggregate fair value of the warrants totaled \$60,720 based on the Black Scholes Merton pricing model using the following estimates: 2.04% risk free rate, 52% volatility and expected life of the warrants of 10 years.

The following is a summary of the status of all of the Company's stock warrants as of March 31, 2013:

	<i>Number Of Warrants and Options</i>	<i>Weighted-Average Exercise Price</i>
Outstanding at December 31, 2011	-	\$ 0.00
Granted	2,515,000	0.549
Exercised	-	-
Cancelled	-	-
Outstanding at December 31, 2012	2,515,000	\$ 0.549
Granted	-	-
Exercised	-	-
Cancelled	-	-
Outstanding at March 31, 2013	2,515,000	\$ 0.549
Exercisable at March 31, 2013	1,525,000	\$ 0.581

Note 11 - Business acquisition

On March 20, 2013, the Company assumed certain liabilities and acquired substantially all the assets of MeNetwork, Inc. ("MeNetwork") used in connection with its business of developing, marketing and licensing a mobile marketing platform for use by merchants and consumers, pursuant to an Asset Purchase Agreement. As consideration the Company authorized the issuance of 3,500,000 shares of its common stock to the stockholders of MeNetwork, of which 350,000 shares are being held in escrow for a period of one year from the closing date for the purposes of satisfying any indemnification claims. In addition, upon the earlier of 180 days following the closing date or a change in control of the Company, the Company agreed to issue the remaining 750,000 shares of common stock to the director and Chief Operating Officer of MeNetwork and a current director of the Company.

Spindle, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 12 - Subsequent Events

The Company's management has reviewed all material events through the date of this report in accordance with ASC 855-10, and believes there are no material subsequent events to report.

Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operation

Forward-Looking Statements

This Quarterly Report contains forward-looking statements about Spindle Inc.'s ("SPDL," "we," "us," or the "Company") business, financial condition and prospects that reflect management's assumptions and beliefs based on information currently available. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our management's assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, Spindle's actual results may differ materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, acceptance of our services, our ability to expand our customer base, managements' ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry.

There may be other risks and circumstances that management may be unable to predict. When used in this Quarterly Report, words such as, "believes," "expects," "intends," "plans," "anticipates," "estimates" and similar expressions are intended to identify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions.

Overview

We were originally incorporated in the State of Nevada on January 8, 2007 as "Coyote Hills Golf, Inc." We were previously an online retailer of golf-related apparel, equipment and supplies. Through the date of this quarterly report, we only generated minimal revenues from that line of business. Spindle is a commerce-centric company with four primary customers: 1) individual consumers (buyers); 2) individual businesses (merchants or sellers); 3) third party channel partners (financial institutions and other non-bank partners such as wireless carriers); and 4) advertisers (retail, brands, and destinations). The Company intends to generate revenue through patented cloud-based payment processes under the Spindle product line, and licensing of its intellectual property. We believe that Spindle enables a trusted relationship between buyers and sellers (consumers and merchants) through our secure payments process; requested coupons, offers, and loyalty programs; and open consumer feedback on merchants' products. Spindle provides the platform for the secure movement of funds between parties as well as enables brands, merchants, and institutions with the conversion tools necessary to deliver a seamless frictionless finance ecosystem.

On December 2, 2011, we acquired certain assets and intellectual property from Spindle Mobile, Inc. ("Spindle Mobile"), a Delaware corporation in the business of data processing, mobile payments fields and other related fields, in exchange for approximately 80% of the issued and outstanding common stock of the Company, which shares were distributed to the stockholders of Spindle Mobile, pursuant to the terms and conditions of an Asset Purchase Agreement, dated December 2, 2011 (the "Spindle Mobile Agreement").

Concurrent with the closing of the Spindle Mobile Agreement, we amended our articles of incorporation to change our name from "Coyote Hills Golf, Inc." to "Spindle, Inc." Additionally, we increased our authorized capital from 100,000,000 shares of common stock, \$0.001 par value, and 100,000,000 shares of preferred stock, \$0.001 par value to 300,000,000 shares of common stock, \$0.001 par value, and 50,000,000 preferred stock, \$0.001 par value. The actions were approved on November 11, 2011, by the consent of the majority stockholders who represent 90% of our issued and outstanding common stock, and effective on of December 2, 2011.

On October 11, 2012, pursuant to Article XII of the Company's Articles of Incorporation, the Board of Directors amended the Company's bylaws to (i) include the Chief Executive Officer as a person who may call a meeting of the Board of Directors and a special meeting of the Board of Directors; (ii) allow a quorum of the Board of Directors to be set by resolution of the Board of Directors; (iii) amend the description of the offices of Chief Executive Officer/President; (iii) set the annual meeting of shareholders at a time to be fixed by the Board of Directors; and (iv) allow for the election of Directors by a plurality of the votes cast in an election. Amendments to the bylaws were approved by the stockholders holding of a majority of the shares of entitled to vote thereon on October 29, 2012.

On December 31, 2012 (the "Parallel Acquisition Closing Date"), pursuant to that certain Asset Purchase Agreement (the "Parallel Agreement") by and between the Company and Parallel Solutions Inc., a Nevada corporation ("Parallel"), the Company acquired substantially all of Parallel's assets used in connection with its business of facilitating electronic payment processing services to merchants (the "Parallel Assets"), assumed certain specified assumed liabilities and hired seven employees of Parallel in exchange for 538,570 unregistered shares (the "Aggregate Share Consideration") of common stock, of which 53,857 shares (the "Indemnification Escrow") and 100,000 shares (the "Deferred Consent Escrow") were deposited in escrow with our transfer agent. The Indemnification Escrow will be held for a period of one year from the Closing Date and will be available to compensate the Company pursuant to the indemnification obligations of Parallel under the Parallel Agreement, and for any necessary accounts receivable adjustment after the Parallel Acquisition Closing Date. The Deferred Consent Escrow will be held for a period of up to five years after the Closing Date and will be released to Parallel or its legally permitted assign(s) incrementally as and when certain specified contract assignments or residual revenue streams are properly assigned to the Company or the residual revenue streams in respect of such specified contracts are bought out by the applicable third party, and otherwise the Deferred Consent Escrow is subject to cancellation to the extent such specified assignments or buy-outs fail to occur during such five year period, all as more particularly set forth in the Parallel Agreement.

On March 20, 2013 (the "MeNetwork Closing Date"), the Company assumed certain liabilities and acquired substantially all the assets of MeNetwork, Inc. ("MeNetwork") used in connection with its business of developing, marketing and licensing a mobile marketing platform for use by merchants and consumers (the "MeNetwork Assets"), pursuant to an Asset Purchase Agreement, dated March 1, 2013, by and between Spindle and MetNetwork (the "MeNetwork Agreement"). As consideration for the assumption of such liabilities and the acquisition of the MeNetwork Assets, the Company issued an aggregate of 2,750,000 shares of common stock to the stockholders of MeNetwork, of which 350,000 shares are being held in escrow for a period of one year from the MeNetwork Closing Date for the purposes of satisfying any indemnification claims. In addition, upon the earlier of 180 days following the MeNetwork Closing Date or a change in control of the Company, the Company shall issue an additional 750,000 shares of common stock to Ashton Craig Page, the director and Chief Operating Officer of MeNetwork and a current director of the Company.

Financial Restatement, Regulatory Reviews and Other Significant Recent Events

On February 6, 2013, the Company's Board of Directors, after consultation with management, determined that the Company's financial statements for the fiscal year ended December 31, 2011 (the "2011 Fiscal Year") as included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (the "2011 Annual Report"), and the financial statements, as included in the Company's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2012, June 30, 2012 and September 30, 2012 (the "2012 Fiscal Quarters", together with the 2011 Fiscal Year, the "Restatement Periods") should no longer be relied upon and should be restated because of the Company's characterization of the acquisition of the Spindle Mobile Asset as an asset acquisition instead of a reverse capitalization. Accordingly, the restatement of the 2011 Annual Report was filed with the Securities and Exchange Commission on August 6, 2013. The restatement of the quarters ended March 31, 2012 and June 30, 2012 was completed on August 19, 2013 and August 20, 2013, respectively.

Results of Operations

Revenues and Cost of Sales

Revenues from ongoing operations are expected to be derived from our patented conversion and networked payment processes under the Spindle product line and licensing of our intellectual property. During the three months ended March 31, 2013, we generated \$378,236 in revenues as the Company launched its first payment and transactional platform. Revenues generated for the three months ended March 31, 2013 leveraged the Company's mobile payment and Parallel Systems Inc. (PSI), acquired on December 31, 2012, product lines. After factoring in cost of sales in the amount of \$122,608, which relate to commissions to the Company's 130 independent sales agents, we realized a gross profit of \$255,628 during the quarter ended March 31, 2013. In comparison we did not generate any revenues in the three months ended March 31, 2012.

Our management is hopeful that as our base of operations continues to grow, we will see a corresponding increase in licensing and transactional revenue. As stated previously, we only recently changed our business direction. Therefore, our potential revenue streams are relatively new and have only recently begun to contribute materially to our operations. As a result, we are unable to forecast future revenue.

Operating Expenses

In the course of our operations, we incur operating expenses composed largely of general and administrative costs and professional fees. General and administrative expenses are essentially the cost of doing business, and encompass, without limitation, the following: research and development; licenses; taxes; general office expenses, such as postage, supplies and printing; utilities; bank charges; website costs; and other miscellaneous expenditures not otherwise classified. Accounting fees include: auditing by our independent registered public accountants, bookkeeping, tax preparation fees for filing Federal and State income tax returns and other accounting-specific consulting services. Professional fees include: transfer agent fees for printing stock certificates; consulting costs for marketing and advertising; general business development; and costs related to the preparation and submission of reports and information statements with the U.S. Securities and Exchange Commission.

As of March 31, 2013, we had total assets of \$5,107,480, comprised of \$605,915 in total current assets, \$16,175 in fixed assets and \$4,485,390 in other assets. This compares with total assets of \$1,683,753 as of December 31, 2012, comprised of \$369,067 in total current assets, \$17,078 in fixed assets and \$1,297,608 in other assets. The increase in other assets is contributed to the acquisition of the MeNetwork on March 2, 2013 and closing on March 21, 2013. In addition, the Company continued extensive investment on internal development of our payment services platform which included advancements to our single point boarding systems and enhancements to our Payment Service Provider (PSP) platform.

For the three months ended March 31, 2013, we incurred a net operating loss of \$671,498 as a result of a total of \$927,126 in operating expenses. In the comparable quarter ended March 31, 2012, we incurred a net operating loss of \$200,942 as a result of \$200,942 in operating expenses. The increase in net operating loss results primarily from an increase in one time consulting fees related to the acquisition of Parallel Systems Inc. (PSI) and the acquisition of the MeNetwork, and salaries and wages, which are contributed to the Parallel Systems Inc. acquisition, MeNetwork acquisition, and the Company having begun formal operations, in addition to increased professional fees related to our filings with the Securities and Exchange Commission and one-time expenses which include the Company's restatements of fiscal year ending December 31, 2011 and December 31, 2012 respectively filed with the Securities and Exchange Commission on August 6, 2013 and July 19, 2013, and the acquisition of Parallel Systems Inc. and MeNetwork, Inc. which were \$246,601 for the three months ending March 31, 2013.

Interest Expense

During the three months ended March 31, 2013, we recognized interest expense of \$4,168 related to the amortization of the discount on the promissory note. As of March 31, 2012 we recorded total interest expense of \$3,130

Net Losses

We have experienced net losses in all periods since our inception. Our net losses for the quarters ended March 31, 2013 and 2012 were \$675,241 and \$202,202, respectively. Net losses are contributed to the Company's recent acquisition and integration of Parallel Systems Inc, (PSI), ongoing Payment Card Services (PCI) certifications and maintenance, extensive internal software development, and deployment of the Company's initial suite of payment products. In addition, during the period ended March 31, 2013, the Company expensed \$74,553 in consulting related to the product marketing of our first product deployment through our SLIDE branded mobile point of sale (MPOS) currently rolling out at participating Boost, Cricket, and MetroPCS locations throughout the US.

We anticipate incurring ongoing operating losses and cannot predict when, if at all, we may expect these losses to plateau or narrow.

Liquidity and Capital Resources

Cash used in operating activities during the three months ended March 31, 2013 was \$353,921, compared to \$89,137 of cash used in operations during the comparable period ended March 31, 2012. The increase in operating activities results primarily from the deployment and channel partner launch of the SLIDE branded mobile point of sale, additions to internal staff to support operations, the integration and ongoing costs associated with the Parallel Systems, Inc. acquisition, professional fees related to the restatement of our fiscal year ending December 31, 2011 and December 31, 2012 financial statements.

Cash used in investing activities during the three months ended March 31, 2013 was \$86,582 as compared to \$109,000 for the three months ended March 31, 2012. For both periods cash related to investing activities resulted from the purchase of fixed assets.

During the three months ended March 31, 2013, net cash provided by financing activities totaled \$359,959, all of which relate to proceeds received from the sale of common stock and payments made in connection with notes payable. In comparison, during the three months ended March 31, 2012, financing activities provided \$215,000 in cash, primarily obtained from \$55,500 loaned by a related party and \$159,500 which was received from investors purchasing shares of our common stock.

Item 3. Quantitative and Qualitative Disclosure About Market Risks

This item is not applicable as we are currently considered a smaller reporting company.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in company reports filed or submitted under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our chief executive officer and treasurer, as appropriate to allow timely decisions regarding required disclosure.

We conducted an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of March 31, 2013. Based on that evaluation, our principal executive officer and principal financial officer concluded that as of March 31, 2013, our disclosure controls and procedures were ineffective as a result of limited resources and personnel resulting in a lack of segregation of duties.

Changes in internal controls over financial reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On or about December 6, 2012, Spindle Mobile, John Devlin, Glenn Bancroft, David Ide (each of which are directors of the Company) and their spouses (the "Defendants") were notified of a lawsuit brought by Mark Ogram and the Rod Living Trust (the "Plaintiffs") in the Superior Court of the State of Arizona, County of Pima seeking relief for (1) breach of contract and (2) conversion of property related to the transactions with the Company with respect to the Spindle Mobile Agreement. The terms of the Spindle Mobile Agreement provided that any liabilities of Spindle Mobile would not be acquired by the Company. On March 4, 2013, a motion to dismiss on behalf of the Defendants was filed with the Superior Court of the State of Arizona which motion is still pending. On May 6, 2013, the cause of action related to the breach of contract was dismissed, however, the cause of action with respect to the breach of contract claim was still pending.

There are no other material pending legal proceedings, to which the Company or any director, officer or affiliate of the registrant, any owner of record or beneficially of more than five percent of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the registrant, or security holder is a party or any of its subsidiaries is a party or of which any of their property is the subject.

Item 1A. Risk Factors

Our significant business risks described in our Annual Report on Form 10-K filed with the SEC on July 19, 2013, are incorporated herein by reference.

Item 2. Unregistered Sales of Equity Securities

During the three months ended March 31, 2013, the Company sold and issued an aggregate of 915,050 shares of common stock at \$0.50 per share for total cash proceeds of \$457,525. The Company relied on Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act") for issuing the securities, inasmuch as the offer and sale was a private offering of securities made solely to accredited investors that had access to all information of the Company that they requested.

During the three months ended March 31, 2013, the Company issued a total of 576,378 shares of common stock pursuant to the terms of consulting agreements with an estimated fair value of \$288,189. The Company relied on Section 4(a)(2) of the Securities Act for issuing the securities, inasmuch as the offer and sale was a private offering of securities limited to the consultant which had access to all information of the Company that they requested.

In accordance with the terms and conditions of the MeNetwork acquisition described above, the Company authorized the issuance of 3,500,000 shares of common stock, including 2,750,000 shares to the stockholders of MeNetwork and 750,000 shares of common stock to Ashton Craig Page, a director of the Company. The Company relied on Rule 506 of Regulation D under the Securities Act, in connection with the offer and sale of the securities inasmuch as all the stockholders of MeNetwork are accredited investors and the Company did not engage in any form of general advertisement or general solicitation in connection with the sale of such share..

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number Name and/or Identification of Exhibit

- | | |
|------|--|
| 3.1 | Articles of Incorporation, as amended |
| 3.2 | Amended By-Laws ⁽²⁾ |
| 10.1 | Asset Purchase Agreement, dated March 1, 2013 by and between the Company and MeNetwork, Inc. ⁽³⁾ |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certifications |
| 32.1 | Certification under Section 906 of the Sarbanes-Oxley Act (18 U.S.C. Section 1350) |
| 101 | Interactive Data File
(INS) XBRL Instance Document
(SCH) XBRL Taxonomy Extension Schema Document
(CAL) XBRL Taxonomy Extension Calculation Linkbase Document
(DEF) XBRL Taxonomy Extension Definition Linkbase Document
(LAB) XBRL Taxonomy Extension Label Linkbase Document
(PRE) XBRL Taxonomy Extension Presentation Linkbase Document |

(1) Incorporated by reference to the Registration Statement on Form SB-2, previously filed with the SEC on August 3, 2007.

(2) Incorporated by reference to the Quarterly Report on Form 10-Q, previously filed with the SEC on November 14, 2012.

(3) Filed herewith.

SIGNATURES

Pursuant to the requirements of the Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPINDLE, INC.

(Registrant)

By: /s/ William Clark
William Clark
Chief Executive Officer,
Principal Executive Officer and
Principal Financial Officer

Date: August 30, 2013

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “Agreement”) is dated as of March 1, 2013 by and between Spindle, Inc., a Nevada corporation with a principal address of 18835 North Thompson Peak Parkway, Scottsdale, AZ 85255 (“Buyer”), and MeNetwork, Inc., a Delaware corporation with a principal address of 4800 Baseline Road, Suite E104-303, Boulder, CO 80303 (“Seller”).

RECITALS

WHEREAS, Seller desires to sell, and Buyer desires to purchase, the Assets of the Business (as each such term is hereinafter defined) of Seller for the consideration and on the terms set forth in this Agreement.

WHEREAS, it is intended that the terms and conditions of this Agreement comply in all respects with Section 368(a)(1)(C) of the Code (as hereinafter defined) and the regulations corresponding thereto, so that the transactions contemplated hereby shall qualify as a tax free reorganization under the Code;

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

ARTICLE I DEFINITIONS AND USAGE

Section 1.1. Definitions. Capitalized terms not defined in this Section 1.1 shall have the meanings ascribed to them elsewhere in this Agreement. For purposes of this Agreement, the following terms and variations thereof have the meanings specified or referred to in this Section 1.1:

“Accounts Payable” - all trade accounts payable and accruals (other than Tax accruals) of Seller to Persons arising in the Ordinary Course of Business.

“Accounts Receivable” - all notes and accounts receivable of Seller and all other evidences of indebtedness of any Person held by Seller, including all trade accounts receivable and other accounts and moneys receivable of Seller.

“Acquisition Proposal” - shall have the meaning ascribed to it in Section 5.13(c).

“Aggregate Share Consideration” - shall have the meaning ascribed to it in Section 2.3(a).

“Assets” - shall have the meaning ascribed to it in Section 2.1.

“Assumed Liabilities” - shall have the meaning ascribed to it in Section 2.4.

“Best Efforts” - the efforts that a prudent Person desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as possible.

“Breach” - any breach of, or any inaccuracy in, any representation or warranty or any breach of, or failure to perform or comply with, any covenant or obligation, in or of this Agreement or any other Contract, or any event which with the passing of time or the giving of notice, or both, would constitute such a breach, inaccuracy or failure.

“Business” - the business of developing, marketing and licensing a mobile marketing platform for use by merchants and consumers.

“Business Day” - shall have the meaning ascribed thereto in Rule 14d-1(g)(3) under the Exchange Act.

“Closing” - the time on the Closing Date when all of the obligations and conditions set forth in Section 2.6 are satisfied.

“Closing Statement” - the statement of Accounts Receivable and Specified Assumed Liabilities mutually agreed upon by Buyer and Seller prior to the Closing.

“Closing Date” - the date on which the Closing occurs.

“Code” - the Internal Revenue Code of 1986, as amended.

“Consent” - any approval, consent, ratification, waiver or other authorization.

“Contemplated Transactions” - all of the transactions contemplated by this Agreement.

“Contract” - any agreement, contract, Lease, consensual obligation, promise or undertaking (whether written or oral and whether express or implied) that is legally binding.

“Deferred Consent” - an agreement to assign or transfer any Contract, Consent or Governmental Authorization, or any claim, right or benefit arising thereunder or resulting therefrom, if an attempted assignment or transfer thereof, without the consent of a third party thereto or of the issuing Governmental Body, as the case may be, would constitute a breach thereof.

“Deferred Item” - the Contract, Consent or Governmental Authorization to which Deferred Consent relates.

“Disclosure Letter” - the letter delivered by Seller to Buyer concurrently with the execution and delivery of this Agreement containing disclosures that constitute exceptions to the representations and warranties of Seller contained in Article III of this Agreement.

“Effective Time” - the date and time when the Contemplated Transactions become effective.

“Employee Plans” - all “employee benefit plans” as defined by Section 3(3) of ERISA, all specified fringe benefit plans as defined in Section 6039D of the Code, and all other bonus, incentive-compensation, deferred-compensation, profit-sharing, stock-option, stock-appreciation-right, stock-bonus, stock-purchase, employee-stock-ownership, savings, severance, change-in-control, supplemental-unemployment, layoff, salary-continuation, retirement, pension, health, life-insurance, disability, accident, group-insurance, vacation, holiday, sick-leave, fringe-benefit or welfare plan, and any other employee compensation or benefit plan, agreement, policy, practice, commitment, contract or understanding.

“Encumbrance” - any charge, claim, community or other marital property interest, condition, equitable interest, lien, option, pledge, security interest, mortgage, right of way, easement, encroachment, servitude, right of first option, right of first refusal or similar restriction, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

“Environmental, Health and Safety Liabilities” - any cost, damages, expense, liability, obligation or other responsibility arising from or under any Environmental Law or Occupational Safety and Health Law.

“Environmental Law” - any Legal Requirement that requires or relates to preventing or reducing to acceptable levels the release of pollutants or hazardous substances or materials into the environment.

“ERISA” - the Employee Retirement Income Security Act of 1974.

“Escrow Agent” - the Buyer’s transfer agent, Manhattan Transfer Registrar Co., as escrow agent.

“Escrow Agreement” - shall have the meaning ascribed to it in Section 6.4.

“Exchange Act” - the Securities Exchange Act of 1934, as amended.

“GAAP” - generally accepted accounting principles in the United States of America.

“Governing Documents” - with respect to any corporation, (a) its certificate or articles of incorporation and its bylaws; (b) all equityholders’ agreements, voting agreements, voting trust agreements, or other agreements or documents relating to the organization, management or operation of the corporation or relating to the rights, duties and obligations of the equity holders of the corporation; and (c) any amendment or supplement to any of the foregoing.

“Governmental Authorization” - any Consent, license, registration or permit issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

“Governmental Body” - any federal, state, local, municipal, foreign or other government, including any governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers), any multinational organization or body, any body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, or any official of any of the foregoing.

“Hired Active Employees” – shall have the meaning ascribed to it in Section 5.1(b)(i).

“Holdback Shares” - means seven hundred fifty thousand (750,000) shares of the Aggregate Share Consideration.

“Indemnification Escrow” - shall mean three hundred and fifty thousand (350,000) shares out of the Aggregate Share Consideration, allocated among the Indemnifying Stockholders as provided on Schedule 1.1.

“Indemnifying Stockholders” – shall mean those Selling Stockholders named on Schedule 1.1.

“Investor Representation Statement” - shall have the meaning ascribed to it in Section 2.9.

“IRS” - the United States Internal Revenue Service and, to the extent relevant, the United States Department of the Treasury.

“Knowledge” - a Person will be deemed to have Knowledge of a particular fact or other matter if that Person is actually aware of that fact or matter or if a prudent individual could be expected to discover or otherwise become aware of that fact or matter in the course of conducting a reasonably comprehensive investigation regarding the accuracy of any representation or warranty contained in this Agreement.

“Lease” - any real property lease or any lease or rental agreement, license, right to use or installment and conditional sale agreement to which Seller is a party and any other Seller Contract pertaining to the leasing or use of any Tangible Personal Property.

“Legal Requirement” - any federal, state, local, municipal, foreign, international, multinational or other constitution, law, ordinance, principle of common law, code, regulation, statute or treaty.

“Liability” - with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“Material Adverse Effect” - any event, change or effect which has a material adverse effect on (i) the Business, the Assets, or the Liabilities, results of operations or financial condition of Seller, (ii) a material adverse effect on the ability of Seller to consummate the Contemplated Transactions, or (iii) Buyer’s ability to operate the Business immediately after Closing in the manner operated by Seller before Closing; provided, however, that a Material Adverse Effect with respect to Seller shall not include (i) changes in the United States or world financial markets or general business or economic conditions, (ii) developments, trends or conditions related to the industries in which Seller operates as of the date hereof except where the same has had or would reasonably be expected to have a disproportionate effect on Seller as compared to other Persons operating in such industries, (iii) effects arising from changes in United States or world political or social conditions, including war or terrorism, (iv) changes in GAAP or interpretations thereof, (v) changes in any Legal Requirement or the proposal or enactment of any new Legal Requirement except where such change or proposal has had or would reasonably be expected to have a disproportionate effect on Seller as compared to other Persons operating in the same industries as the Purchaser as of the date hereof, (vi) the execution or announcement of, or the taking of any actions with respect to, this Agreement or any of the Contemplated Transactions, or (vii) any condition that is substantially cured before the earlier of the Closing Date or the date on which this Agreement is terminated pursuant to Article VIII.

“Occupational Safety and Health Law” - any Legal Requirement designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, including the Occupational Safety and Health Act, and any program, whether governmental or private (such as those promulgated or sponsored by industry associations and insurance companies), designed to provide safe and healthful working conditions.

“Order” - any order, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Body or arbitrator.

“Ordinary Course of Business” - an action taken by a Person will be deemed to have been taken in the Ordinary Course of Business only if that action:

(a) is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal, day-to-day operations of such Person;

(b) does not require authorization by the board of directors or stockholders of such Person (or by any Person or group of Persons exercising similar authority) and does not require any other separate or special authorization of any nature; and

(c) is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal, day-to-day operations of other Persons that are in the same line of business as such Person.

“Part” - a part or section of the Disclosure Letter.

“Person” - an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Body.

“Proceeding” - any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

“Record” - information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

“Regulation D” - Regulation D promulgated under the Securities Act.

“Regulation S” - Regulation S promulgated under the Securities Act.

“Related Person” - With respect to a particular individual:

- (a) each other member of such individual’s Family;
- (b) any Person that is directly or indirectly controlled by any one or more members of such individual’s Family;
- (c) any Person in which members of such individual’s Family hold (individually or in the aggregate) a Material Interest; and
- (d) any Person with respect to which one or more members of such individual’s Family serves as a director, officer, partner, executor or trustee (or in a similar capacity).

With respect to a specified Person other than an individual:

- (a) any Person that directly or indirectly controls, is directly or indirectly controlled by or is directly or indirectly under common control with such specified Person;
- (b) any Person that holds a Material Interest in such specified Person;
- (c) each Person that serves as a director, officer, partner, executor or trustee of such specified Person (or in a similar capacity);
- (d) any Person in which such specified Person holds a Material Interest; and
- (e) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity).

For purposes of this definition, (a) “control” (including “controlling,” “controlled by,” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and shall be construed as such term is used in the rules promulgated under the Securities Act; (b) the “Family” of an individual includes (i) the individual, (ii) the individual’s spouse, (iii) any other natural person who is related to the individual or the individual’s spouse within the second degree and (iv) any other natural person who resides with such individual; and (c) “Material Interest” means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of voting securities or other voting interests representing at least ten percent (10%) of the outstanding voting power of a Person or equity securities or other equity interests representing at least ten percent (10%) of the outstanding equity securities or equity interests in a Person.

“Representative” - with respect to a particular Person, any director, officer, manager, employee, agent, consultant, advisor, accountant, financial advisor, legal counsel or other representative of that Person.

“Requisite Seller Stockholders” - the Seller Stockholders representing a majority of the outstanding voting power of Seller entitled to vote on a sale of all the assets of Seller.

“SEC” - the U.S. Securities and Exchange Commission.

“Securities Act” - the Securities Act of 1933, as amended.

“Seller Contract” - any Contract relating to the Business (a) under which Seller has or may acquire any rights or benefits; (b) under which Seller has or may become subject to any obligation or liability; or (c) by which Seller or any of the assets owned or used by Seller in connection with the Business is or may become bound.

“Seller Stockholders” - the holders of capital stock of Seller.

“Seller Stockholder Approval” -the affirmative vote or written consent of the Requisite Seller Stockholders for the adoption and approval of this Agreement and the Contemplated Transactions.

“Software” - all computer software and subsequent versions thereof, including source code, object, executable or binary code, objects, comments, screens, user interfaces, report formats, templates, menus, buttons and icons and all files, data, materials, manuals, design notes and other items and documentation related thereto or associated therewith.

“Specified Assumed Liabilities” - shall have the meaning ascribed to it in Section 2.4(a)(iii).

“Spindle Average Price” - as of any date is the volume weighted average price of Buyer’s common stock as reported by Bloomberg LP for the ten (10) trading days immediately prior to such date, provided that if the Spindle Average Price is \$3.00 or more, then the Spindle Average Price shall be \$3.00, and if the Spindle Average Price is \$1.00 or less, then the Spindle Average Price shall be \$3.00 per share.

“Spindle Closing Shares” - shall have the meaning ascribed to it in Section 2.3(a).

“Stockholder Representative” - shall have the meaning ascribed to it in Section 10.1.

“Tangible Personal Property” - all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies, materials, vehicles and other items of tangible personal property, including any inventories, of every kind owned or leased by Seller (wherever located and whether or not carried on Seller’s books), together with any express or implied warranty by the manufacturers or sellers or lessors of any item or component part thereof and all maintenance records and other documents relating thereto.

“Tax” - any income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital stock, franchise, employees’ income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, value added, alternative, add-on minimum and other tax, fee, assessment, levy, tariff, charge or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any Governmental Body or payable under any tax-sharing agreement or any other Contract.

“Tax Return” - any return (including any information return), report, statement, schedule, notice, form, declaration, claim for refund or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Legal Requirement relating to any Tax.

“Third Party” - a Person that is not a party to this Agreement.

“Third-Party Claim” - any claim against any Indemnified Person by a Third Party, whether or not involving a Proceeding.

Section 1.2. Usage; Interpretation. In this Agreement, unless a clear contrary intention appears (i) the singular number includes the plural number and vice versa; (ii) reference to any Person includes such Person’s successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (iii) reference to any gender includes each other gender; (iv) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (v) reference to any Legal Requirement means such Legal Requirement as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Legal Requirement means that provision of such Legal Requirement from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (vi) “hereunder,”

“hereof,” “hereto,” “herewith” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof; (vii) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term; (viii) use of the word “or” is used in the inclusive sense of “and/or”; (ix) with respect to the determination of any period of time, use of the word “from” means “from and including” and “to” means “to but excluding”; and (x) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

Section 1.3 Legal Representation of the Parties. This Agreement was negotiated by the parties with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party shall not apply to any construction or interpretation hereof.

ARTICLE II SALE AND TRANSFER OF ASSETS; CLOSING

Section 2.1. Assets to be Sold. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing Seller shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase and acquire from Seller, free and clear of any Encumbrances other than Permitted Encumbrances, as defined in Section 3.8, all of Seller’s right, title and interest in and to all of Seller’s property and assets, real, personal or mixed, tangible and intangible, of every kind and description, wherever located, including Accounts Receivable, provided the same are directly related to, used in connection with, or are or will form a part of the Business but excluding the Excluded Assets, as defined in Section 2.2. All the property and assets to be transferred to Buyer hereunder are herein referred to collectively as the “Assets.” Included with the Assets shall be all Seller Contracts approved by Buyer, a proposed list of which Seller shall deliver to Buyer prior to the Closing Date and which list shall be subject to Buyer’s approval in its sole discretion and upon such approval shall be attached hereto as Exhibit 2.1, and all data and Records related to the Business, including client and customer lists and Records, referral sources, research and development reports and Records, production reports and Records, service and warranty Records, equipment logs, operating guides and manuals, financial and accounting Records, creative materials, advertising materials, promotional materials, studies, reports, correspondence and other similar documents and Records, as each relates to the Business.

Notwithstanding the foregoing, the transfer of the Assets pursuant to this Agreement shall not include the assumption of any Liability related to the Assets or any other Liability of Seller, unless Buyer expressly assumes that Liability pursuant to Section 2.4(a).

Section 2.2. Excluded Assets. Notwithstanding anything to the contrary contained in Section 2.1 or elsewhere in this Agreement, the following assets of Seller (collectively, the “Excluded Assets”) are not part of the sale and purchase contemplated hereunder, are excluded from the Assets and shall remain the property of Seller after the Closing:

- (a) all company minute books, equity transfer books, company seals and other documents relating to the organization, maintenance and existence of Seller as a corporation;
- (b) all Tax Returns filed by Seller and associated Tax Records, all personnel Records, and all other Records that Seller is required by law to retain in its possession, provided that copies of all such items shall be provided to Buyer prior to the Closing;
- (c) all claims for refund of Taxes and other governmental charges of whatever nature relating to Seller or the Assets arising prior to the Closing;
- (d) all rights of Seller under this Agreement, the Bill of Sale, and the Assignment and Assumption Agreement and any Contract between or among Seller and the Seller Stockholders;
- (e) all taxpayer and other identification numbers; and

(f) all proceeds of insurance policies and rights thereunder relating to Excluded Assets, as well as all director and officer insurance policies.

Section 2.3. Consideration.

(a) Closing Consideration.

(i) Purchase Consideration. The consideration for the Assets will be 3,500,000 unregistered shares of Buyer's voting common stock (the "Aggregate Share Consideration"), issued directly to and allocated among the individual Seller Stockholders as provided in Schedule 2.3(a)(i) at the Closing (or directly to Seller if required under Section 368(a)(1)(C) of the Code) net of the Holdback Shares and the Indemnification Escrow (the Aggregate Share Consideration less the Indemnification Escrow and the Holdback Shares, the "Spindle Closing Shares").

(ii) Holdback Shares. At the Closing, Buyer shall have the right to refrain from issuing the Holdback Shares. On the earlier to occur of a Change of Control of Buyer (as defined in Section 2.3(h)) and the one hundred eightieth (180th) day following the Closing Date (or the following Business Day, if such day is not a Business Day), Buyer shall issue the Holdback Shares to Ashton Craig Page (or directly to Seller if required under Section 368(a)(1)(C) of the Code).

(b) Post-Closing Adjustment.

(i) Adjustment Amount. If any of the Accounts Receivable reflected on the Closing Statement are not collected within one hundred and twenty (120) days following the Closing Date (the "AR Collection Deadline"), then, at Buyer's election in its sole discretion, the amount of such uncollected Accounts Receivable shall be treated as a post-Closing negative adjustment to the Aggregate Share Consideration on a dollar for dollar basis (the "Adjustment Amount"), in which event all uncollected Accounts Receivable included within the Adjustment Amount (as finally determined in accordance herewith) shall be assigned to Seller for collection in Seller's discretion for the benefit of Seller. Buyer may notify in writing Seller or the Stockholder Representative of such election at any time from the AR Collection Deadline through the two hundred and fortieth (240th) day following the AR Collection Deadline (such notice date being the "Election Date").

(ii) Adjustment Amount Calculation. As soon as practicable after the Election Date, but not later than thirty (30) days after the Election Date, Buyer shall deliver to Seller (such date of delivery, the "Delivery Date") its good faith determination of the Adjustment Amount (the "Adjustment Amount Calculation"), if any. During the period from the Closing Date until the Delivery Date, Seller shall give Buyer and its agents such access to the books and records of Seller as Buyer and its agents shall reasonably request during normal business hours in order to enable them to calculate the Adjustment Amount Calculation. During the period between the Delivery Date and the Objection Deadline (as defined below), Seller and its accountants shall be given reasonable access to the books and records of Buyer upon reasonable notice to verify the Adjustment Amount Calculation.

(iii) Resolution of Protest. Within thirty (30) days after the Delivery Date (the "Objection Deadline"), Seller may deliver to Buyer a notice of objection (an "Objection Notice") with respect to the Adjustment Amount Calculation. If no Objection Notice regarding the Adjustment Amount Calculation is delivered by Seller to Buyer by the Objection Deadline, the Adjustment Amount Calculation shall be final and binding on the parties hereto as the Adjustment Amount. Any Objection Notice regarding the Adjustment Amount Calculation shall specify the items in the Adjustment Amount Calculation disputed by Seller and shall describe the basis for the objection, as well as the amount in dispute. Any other items not so disputed by Seller shall be deemed "agreed upon". If an Objection Notice is delivered in accordance with this Section 2.3(b), Buyer and Seller shall consult with each other with respect to the objection set forth therein. If Buyer and Seller are unable to reach agreement within fifteen (15) days after an Objection Notice has been given, all unresolved disputed items shall be promptly referred to an independent auditor which (i) has never provided services to either Buyer or Seller and (ii) is mutually acceptable to Buyer and Seller (the "Independent Accounting Firm"). The Independent Accounting Firm shall be directed to render a written report on the unresolved disputed issues with respect to the Adjustment Amount Calculation as promptly as practicable, but in no event more than thirty (30) days after such submission to the Independent Accounting Firm, and to resolve only those issues of dispute set forth in the Objection Notice. If unresolved disputed issues are

submitted to the Independent Accounting Firm, Buyer and Seller will each furnish to the Independent Accounting Firm such bank statements and other documents and information relating to the unresolved disputed issues as the Independent Accounting Firm may reasonably request. The Independent Accounting Firm shall establish the procedures it shall follow (including procedures with regard to the presentation of evidence) giving due regard to the mutual intention of Seller and Buyer to resolve the disputed items and amounts as quickly, efficiently and inexpensively as possible. The resolution of the dispute and the calculation of the Adjustment Amount by the Independent Accounting Firm shall be final and binding on the parties hereto. The fees and expenses of the Independent Accounting Firm shall be allocated between Buyer and Seller in the proportion that the amounts determined by the Independent Accounting Firm against each party bears to the total amount in dispute (determined with respect to dollar amount).

(iv) Payment of Adjustment Amount. If there is an Adjustment Amount, Buyer's sole available method for recouping the Adjustment Amount shall be to reclaim shares out of the Indemnification Escrow on a pro rata basis, valued for this purpose at the Spindle Average Price as of the date of final determination of the Adjustment Amount (including final resolution of any dispute raised by Seller in an Objection Notice), by delivering a notice to the Escrow Agent instructing the Escrow Agent to cancel the appropriate number of shares out of the Indemnification Escrow on a pro rata basis. Any Accounts Receivable received by Seller for which there has been a cancellation of shares from the Indemnification Escrow shall be for the account of Seller.

(c) Earnout Payments. During the period from the Closing Date until December 31, 2016 (the "Earnout Term"), an earnout of up to an additional Five Million Dollars (\$5,000,000) shall be payable in unregistered shares of Buyer's common stock (the "Earnout") calculated by dividing the amount earned by the Spindle Average Price at the end of each fiscal quarter (each an "Earnout Period"), contingent upon meeting those certain performance requirements set forth in subparagraphs (i) through (iv) below, except as is otherwise provided in Section 2.3(h) below.

- (i) The Earnout payment shall be \$1,250,000 (the "Maximum Earnout Amount") for each of the following performance targets to the extent such performance target is met during the Earnout Term: (A) Earnout Gross Revenues equal or exceed \$30,000,000; (B) the aggregate number of Users equals or exceeds 2,000,000; (C) Bank Participation equals or exceeds 150; and (D) ISO Participation equals or exceeds 500 (each, individually, a "Performance Target," and collectively, the "Performance Targets").
- (ii) No Earnout shall be paid during the Earnout Term as to a Performance Target unless and until at least twenty-five percent (25%) of such Performance Target has been met (the "25% Threshold").
- (iii) If and when the Performance Target Percentage as to a Performance Target equals or exceeds the 25% Threshold during the Earnout Term, the initial Earnout payment for such Earnout Period shall be an amount equal to the Performance Target Percentage multiplied by the Maximum Earnout Amount. For each subsequent Earnout Period during the Term, the applicable Earnout payment shall be an amount equal to the Performance Target Percentage multiplied by the Maximum Earnout Amount, less the total amount of the Earnout already paid in respect of such Performance Target.
- (iv) As used in this Section 2.3(c):
 - (A) The term "Performance Target Percentage" means the percent (%) of the entire Performance Target that has been achieved as of a particular date. For example, if Earnout Gross Revenues equal \$7,500,000, the Performance Target Percentage is 25% of the entire \$30,000,000 Performance Target.
 - (B) The term "Earnout Gross Revenues" means the gross revenue, determined in accordance with GAAP, earned by Buyer from net sales on merchant processing (processing revenue minus the cost of processing), including revenue derived from discounts, promotions, incentives, and couponing for merchants and any related fees associated with the Buyer's future or extended product lines.

- (C) The term “Users” means the merchants and individual consumers connected to Buyer's Spindle merchant processing and mobile wallet products regardless of volume. “Users” include the merchants and individual consumers of Seller which pre-date this Agreement.
- (D) The term “Bank Participation” means the overall number of domestic and international banks and financial institutions accessing the Buyer's products through the white label format contemplated by Buyer and Seller as of the Closing Date.
- (E) The term “ISO Participation” means Third Party resellers of the Buyer and those channel partners distributing the Buyer's products worldwide.

(d) Earnout Calculation; Interpretation. Within 45 days following the last day of each Earnout Period during the Earnout Term, Buyer shall prepare and deliver to Seller a report (the “Earnout Report”) setting forth its determination of (i) whether and to what extent each Performance Target has been achieved during such Earnout Period and stating each corresponding Performance Target Percentage that has been achieved, and (ii) the resulting earn-out payment due and payable in shares of Buyer's common stock, valued at the Spindle Average Price as of the last day of the applicable Earnout Period. In the event that Seller has any dispute with the Earnout Report, Seller shall notify Buyer in writing within thirty (30) days following receipt of the Earnout Report. If Seller disputes the Earnout Report within such thirty (30) day period, Buyer and Seller shall negotiate in good faith for a period of up to thirty (30) days in an effort to mutually agree upon the amount of the relevant Earnout payment. If the dispute is not resolved within such thirty (30) day negotiation period, then Buyer and Seller Representative shall engage Buyer's independent auditor (the "Independent Accountant") to render a determination of the earn-out payment due based on Buyer's Records as they relate to the Earnout. The costs for the Independent Accountant shall initially be split evenly between Buyer and Seller, with the prevailing party to be reimbursed by the non-prevailing party following the Independent Accountant's decision. The amount of any earn-out payment shall be deemed to be finally determined upon the earliest of (i) Seller's written acceptance of the Earnout Report; (ii) Seller's failure to dispute the Earnout Report within the 30 day period set forth above; (iii) the mutual agreement of Buyer and Seller; or (iv) the Independent Accountant's determination.

(e) Earnout Representative.

(i) Appointment; Administration. Following the Closing, Seller's rights hereunder with respect to the Earnout shall be exercised and administered on Seller's behalf by Ashton Craig Page or his designated successor (the “Earnout Representative”).

(ii) Earnout Representative Expenses. In the event that the Earnout Representative determines to hire or retain any attorneys, accountants or other subject matter experts or to incur any third party costs or expenses in connection with any dispute resolution process on Seller's behalf, all such fees, costs and expenses shall be the sole responsibility of Seller. Further, all fees, costs, expenses or other liabilities payable by Seller or the Earnout Representative to the Escrow Agent in accordance with the Escrow Agreement (including, without limitation, pursuant to any indemnity for the benefit of the Escrow Agent thereunder) shall be the sole responsibility of Seller. In the event that any travel by the Earnout Representative or his agents is reasonably required in connection with the performance of his obligations under this Agreement or the Earnout Representative directly pays any costs or expenses for which he is entitled to reimbursement, the Earnout Representative shall be reimbursed by Seller for all such reasonable expenses in the same manner as if such expenses were third party expenses under the terms set forth herein. On the Release Date, or such later date when all indemnification claims made by Buyer pursuant to Article VI hereof shall have been finally resolved in accordance therewith, the Earnout Representative shall have the right to recover reasonable expenses incurred by the Earnout Representative in connection herewith by receiving shares out of the Indemnification Escrow, on a pro rata basis, valued at the Spindle Average Price as of such date, following any distribution thereof to Buyer, but prior to any distribution thereof to Seller Stockholders, and prior to any such distribution, shall deliver to the Escrow Agent a certificate setting forth the Earnout Representative expenses actually incurred.

(iii) Limitation of Liability. In addition to all the protections and rights granted to the Earnout Representative in Article VI hereof, to the maximum extent permissible by applicable law, the Earnout Representative (and any successor to the Earnout Representative) will incur no personal liability to Buyer, Seller or Seller Stockholders with respect to any action or inaction taken or failed to be taken in connection with his services as the Earnout Representative, except with respect to his own willful misconduct, gross negligence or bad faith. The Earnout Representative may rely in good faith conclusively upon information, reports, statements and opinions prepared by professionals hired or retained by the Earnout Representative.

(f) Information and Review. In connection with any Earnout Report, Buyer shall, upon request of Seller, promptly make available to Seller or its Representatives Buyer's Records reasonably necessary to calculate the Earnout Base Revenues and reasonably cooperate with Seller and its Representatives in their review thereof for the purpose of determining the achievement of any earn-out milestones (including any determination of Earnout Base Revenues) or the amount of any earn-out payment that may be due. Notwithstanding the foregoing, Seller shall have no right to review Buyer's Records in connection with any Earnout Report to the extent that such Earnout Report provides for payment of the maximum potential Earnout payment.

(g) Allocation of Earnout Payments. For each Earnout Period during the Earnout Term, Earnout payments shall be paid in quarterly issuances of the number of shares of common stock represented on the applicable Earnout Report, which shall be allocated among and issued directly to the Seller Stockholders as provided in Schedule 2.3(g) (or directly to Seller if required under Section 368(a)(1)(C) of the Code).

(h) Change of Control of Buyer. In the event of a Change of Control of Buyer which is consummated prior to the forty-fifth day following the last day of the final Earnout Period during the Earnout Term, Buyer shall, at its sole election, either (A) cause the Third Party acquirer of Buyer in such Change of Control transaction to assume all of Buyer's obligations under this Agreement in respect of any then unearned portion of the Earnout for the duration of the Earnout Period, substituting Buyer's common stock with common stock of such Third Party acquirer in respect of any Earnout payment due thereafter, provided that the amount of such Third Party common stock due in respect of the Earnout shall be calculated based on the valuation of Buyer used for purposes of determining the consideration payable to Buyer or its shareholders in connection with such Change of Control transaction, or (B) notwithstanding any provision of this Section 2.3 to the contrary, cause any portion of the Earnout which was not previously issued or earned, to be issued to the Seller Stockholders in the form of Buyer's common stock immediately prior to the consummation of such Change of Control, valued at the Spindle Average Price as of the date immediately preceding the closing date of such Change of Control transaction. "Change of Control" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events: (i) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) Buyer and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of Buyer immediately prior thereto do not own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their ownership of the outstanding voting securities Buyer immediately prior to such transaction; or (ii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Buyer and its subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of Buyer and its subsidiaries to an entity, more than 50% of the combined voting power of the voting securities of which are owned by stockholders of Buyer in substantially the same proportions as their ownership of the outstanding voting securities of Buyer immediately prior to such sale, lease, license or other disposition. Notwithstanding the foregoing, the term "Change of Control" shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of Buyer.

Section 2.4. Liabilities.

(a) Assumed Liabilities. On the Closing Date Buyer shall assume and agree to discharge only the following Liabilities of Seller (the "Assumed Liabilities"):

(i) any Liability arising after the Closing Date in connection with or incidental to Buyer's ownership of the Assets after the Closing;

(ii) any Liability arising after the Closing Date under Seller Contracts acquired as part of the Assets pursuant to Section 2.1 (other than any Liability arising out of or relating to a Breach that occurred prior to the Closing Date);

(iii) those Liabilities set forth on the Closing Statement, not to exceed the Accounts Receivable set forth on the Closing Statement (collectively, the "Specified Assumed Liabilities").

(b) Retained Liabilities. The Retained Liabilities shall remain the sole responsibility of and shall be retained, paid, performed and discharged solely by Seller. "Retained Liabilities" shall mean every Liability of Seller other than the Assumed Liabilities as set forth in Section 2.4(a), whether incurred before, after or on the Closing Date.

Section 2.5. Plan of Reorganization; Tax Filings. Buyer and Seller hereby adopt this Agreement as a "plan of reorganization" for purposes of Treas. Reg. 1.368-1(g) and 1.368-3(a). Buyer and Seller shall prepare and file with each of their respective tax returns all information required by Treas. Reg. 1.368-3 and related provisions of the Treasury Regulations in a manner consistent with treating the transactions contemplated by this Agreement as a reorganization described in Section 368(a)(1)(C) of the Code. Seller shall liquidate following the Closing within the time period permitted under applicable IRS guidance and the Aggregate Share Consideration shall be distributed to the Seller Stockholders pursuant to the corporate liquidation and distribution requirements in Section 368(a)(2)(G) of the Code; provided, however, in the event the Aggregate Share Consideration may not be transferred to the Seller Stockholders in corporate dissolution without registration under the Securities Act, such liquidation shall be effected through either merger of the Seller with and into a newly-formed limited liability company owned solely by the Seller Stockholders (with such limited liability company as the surviving entity) or conversion of the Seller into a limited liability company owned solely by the Seller Stockholders, in each case with the Aggregate Share Consideration re-issued in the name of the surviving entity. In the event any of the Aggregate Share Consideration is required to be allocated for federal income tax purposes to the noncompetition covenant provided in Section 5.6, Buyer and Seller shall allocate such amount to the Assets.

Section 2.6. Closing Obligations and Conditions. At the Closing,

(a) as a condition to Buyer's obligations at the Closing:

(i) Seller shall deliver to Buyer at the Closing:

(A) a bill of sale for all of the Assets in the form of Exhibit 2.6(a)(i)(A) (the "Bill of Sale") executed by Seller;

(B) an assignment of all the Assumed Liabilities to Buyer, which assignment shall be in the form of Exhibit 2.6(a)(i)(B) and also contain Buyer's undertaking and assumption of the Assumed Liabilities (the "Assignment and Assumption Agreement") executed by Seller;

(C) a separate assignment of all Domain Names, in the form of Exhibit 2.6(a)(i)(C), executed by Seller and Buyer and notarized by a licensed notary;

(D) such other deeds, bills of sale, assignments, certificates of title, documents or other instruments of transfer and conveyance as may reasonably be requested by Buyer, each in form and substance satisfactory to Buyer and its legal counsel and executed by Seller;

(E) the Consents listed on Exhibit 2.6(a)(i)(E) with respect to Seller Contracts;

(F) a certificate executed by Seller as to the accuracy of its representations and warranties as of the Closing and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing;

(G) a certificate of the Secretary of Seller (1) certifying, as complete and accurate as of the Closing, attached copies of the Governing Documents of Seller (as certified, where feasible, by the Secretary of State of Delaware, with respect to Seller, as of a recent date), (2) certifying, as complete and accurate as of the Closing, attached copies of all requisite resolutions or actions of Seller's board of directors and the Seller Stockholders approving the execution and delivery of this Agreement and the consummation of the Contemplated Transactions and the change of Seller's name contemplated by Section 5.14, (3) certifying to the incumbency and signatures of the officers of Seller executing this Agreement and any other document relating to the Contemplated Transactions, and (4) attaching a certificate as of a date not earlier than the fifth business day prior to the Closing Date as to the good standing of Seller, executed by the appropriate officials of the State of Delaware and each jurisdiction in which Seller is licensed or qualified to do business as a foreign corporation as specified in Part 3.1;

(H) releases of all Encumbrances on the Assets, other than Permitted Encumbrances;

(I) a completed and executed Investor Representation Statement of each of the Seller Stockholders;

(J) the Escrow Agreement (as defined below) executed by the Stockholder Representative;

(K) the consulting agreements to be agreed upon prior to the Closing and then attached hereto in the forms of Exhibit 2.6(a)(i)(K)(1)-(2), executed by J. Michael Corbisiero and Erik Madsen, respectively (the "Consultant Agreements");

(L) Buyer's standard form of Confidentiality, Noncompete, Nonsolicit and Assignment Agreement executed by each Hired Active Employee (the "Non-Competition Agreements");

(M) satisfactory evidence that all legal counsel to Seller has been paid in full for all services rendered in connection with the negotiation of this Agreement and the Contemplated Transactions;

(N) a hard copy backup of all Software related to the Business;

(O) the Closing Statement, which shall be subject to Buyer's approval in its sole discretion;

(P) a written consent executed by each of the Indemnifying Stockholders, in a form reasonably satisfactory to Buyer, consenting to the Indemnification Escrow, the allocation thereof as provided in Schedule 1.1, the provisions of Article VI hereof, and the allocation of the Spindle Closing Shares as provided in Schedule 2.3(a)(i);

(Q) unaudited financial statements of Seller for each of the three fiscal years ended December 31, 2010, 2011 and 2012, and financial statements of Seller for the interim period ended September 30, 2012; and

(R) such other documents or information as Buyer may reasonably request for the purpose of completing its due diligence review of Seller and the Business, including, without limitation, (A) evidencing the accuracy of any of Seller's representations and warranties, (B) evidencing the performance by Seller, or the compliance by Seller with, any covenant or obligation required to be performed or complied with by Seller pursuant to this Agreement, or (C) otherwise facilitating the consummation or performance of any of the Contemplated Transactions, it being understood and agreed that Buyer's obligations at the Closing are conditioned upon Buyer's satisfaction, in its sole discretion, with the results of its due diligence review of Seller and the Business.

(ii) Buyer shall be satisfied in its sole discretion with the results of its due diligence review of Seller and the Business;

(iii) no breach of any covenant or failure of any representation or warranty made by Seller;

(iv) absence of any Material Adverse Effect with respect to Seller; and

(v) neither J. Michael Corbisiero, Michael Stevens nor Erik Madsen shall have terminated, or given notice of an intention to terminate, his employment or consultancy with Buyer which began prior to the date of this Agreement; and

(vi) no injunctions prohibiting the consummation of the Contemplated Transactions.

(b) As a condition to Seller's obligations at the Closing:

(i) Buyer shall deliver to Seller:

(A) certificates representing the Spindle Closing Shares;

(B) the Bill of Sale, executed by Buyer;

(C) the Assignment and Assumption Agreement; executed by Buyer;

(D) the Consultant Agreements, executed by Buyer;

(E) the Escrow Agreement (as defined below) executed by Buyer and Escrow Agent;

(F) the Non-Competition Agreements executed by Buyer;

(G) a certificate executed by Buyer as to the accuracy of its representations and warranties as of the Closing and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing;

(H) a certificate of the Secretary of Buyer certifying, as complete and accurate as of the Closing, attached copies of the Governing Documents of Buyer and certifying that the execution and delivery of this Agreement and the consummation of the Contemplated Transactions has been approved by all requisite authority and certifying to the incumbency and signatures of the officers of Buyer executing this Agreement and any other document relating to the Contemplated Transactions;

(I) a certificate as of a date not earlier than the tenth business day prior to the Closing Date as to the good standing of Buyer, executed by the appropriate officials of the State of Nevada; and

(ii) no breach of any covenant or failure of any representation or warranty made by Buyer;

(iii) no injunctions prohibiting the consummation of the Contemplated Transactions; and

(iv) immediately upon Closing, Seller shall be allotted (A) one seat on Buyer's board of directors for not less than the remainder of the 2013 fiscal year, and (B) one seat on Buyer's board of advisors.

(c) Buyer shall deliver to the Escrow Agent (also serving as transfer agent to Buyer) instructions as to the issuance of stock certificates representing the shares comprising (i) the Indemnification Escrow, allocated among and issued in the names of the individual Indemnifying Stockholders as provided in Schedule 1.1 (or to Seller if required under Section 368(a)(1)(C) of the Code) and (ii) the Spindle Closing Shares, allocated among and issued in the names of the individual Seller Stockholders as provided in Schedule 2.3(a)(i) (or directly to Seller if required under Section 368(a)(1)(C) of the Code); and

(d) If any of the Seller Stockholders are not accredited investors within the meaning of Rule 501 of Regulation D, then Buyer shall deliver to the Seller Stockholders the information required to be delivered to non-accredited investors pursuant to Rule 502 of Regulation D (the "Buyer Offering Materials"), in order for Buyer's issuance of the Aggregate Share Consideration to be exempt from registration pursuant to Rule 506 of Regulation D and/or Regulation S.

Section 2.7. Deferred Consents. Anything in this Agreement to the contrary notwithstanding, neither this Agreement nor the Assignment and Assumption Agreement shall constitute an agreement to assign or transfer any contract, lease, authorization, license or Governmental Authorization, or any claim, right or benefit arising thereunder or resulting therefrom, if an attempted assignment or transfer thereof, without the consent of a third party thereto or of the issuing Governmental Body, as the case may be, would constitute a breach thereof. If a Deferred Consent is not obtained, or if an attempted assignment or transfer thereof would be ineffective or would affect the rights thereunder so that Buyer would not receive all such rights, then, in each such case, (a) the Deferred Item shall be withheld from sale pursuant to this Agreement without any reduction in the Aggregate Share Consideration, (b) from and after the Closing, Seller and Buyer will cooperate, in all reasonable respects, to obtain such Deferred Consent as soon as practicable after the Closing, and (c) until such Deferred Consent is obtained, Seller and Buyer will cooperate, in all reasonable respects, to provide to Buyer the benefits under the Deferred Item to which such Deferred Consent relates (with Buyer entitled to all the gains and responsible for all the losses, Taxes, liabilities or obligations thereunder). In particular, in the event that any such Deferred Consent is not obtained prior to the Closing, then Buyer and Seller shall enter into such arrangements (including subleasing or subcontracting if permitted) to provide to the parties hereto the economic and operational equivalent of obtaining such Deferred Consent and assigning or transferring such contract, lease, authorization, license or Governmental Authorization, including enforcement for the benefit of Buyer of all claims or rights arising thereunder, and the performance by Buyer of the obligations thereunder on a prompt and punctual basis.

Section 2.8. Restrictive Legends.

(a) The Aggregate Share Consideration shall not have been registered and shall be characterized as “restricted securities” under the U.S. federal securities laws, and under such laws such shares may be resold without registration under the Securities Act only in certain limited circumstances. Each certificate evidencing the Aggregate Share Consideration shall bear the following legend:

“THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SUCH SHARES MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION WITHOUT AN EXEMPTION UNDER THE SECURITIES ACT OR AN OPINION OF LEGAL COUNSEL REASONABLY ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.”

and, if applicable:

“THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER HEREOF OR ANY AFFILIATE OF SUCH ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY), ONLY (A) TO SUCH ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S IN A TRANSACTION MEETING THE REQUIREMENTS OF RULES 904 AND 905 UNDER THE SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO SUCH ISSUER’S RIGHT PRIOR TO ANY OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (C) OR (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATES, AND/OR OTHER INFORMATION REASONABLY SATISFACTORY TO SUCH ISSUER. HEDGING TRANSACTIONS INVOLVING THESE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.”

and any legends required by state securities laws.

(b) Each Seller Stockholder shall agree pursuant to the Investor Representation Statement that it, he or she shall not sell or otherwise transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale (collectively, the “Restricted Transactions”), any of the Aggregate Share Consideration until or unless such Aggregate Share Consideration is registered or eligible for sale pursuant to the exemption from registration set forth in Rule 144 promulgated under the Securities Act (the “Restricted Period”). Buyer may impose stop-transfer instructions and may stamp each certificate representing the Aggregate Share Consideration with the following legend:

“THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFERABILITY AND RESALE, AS SET FORTH IN SECTION 2.8(b) OF THAT CERTAIN ASSET PURCHASE AGREEMENT DATED AS OF [____], 2013 BETWEEN SPINDLE, INC. (THE “COMPANY”) AND MENETWORK, INC., A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY. SUCH TRANSFER RESTRICTIONS MAY PREVENT TRANSFER OF THESE SHARES AND MAY BE BINDING ON ALL TRANSFEREES OF THESE SHARES.”

Section 2.9. Sale of Shares Pursuant to Exemption. The parties hereto acknowledge and agree that the Aggregate Share Consideration shall constitute “restricted securities” within the meaning of the Securities Act. Seller will cause each Seller Stockholder to execute and deliver to Buyer an Investor Representation Statement in the form attached hereto as Exhibit 2.6(a)(i)(I) (the “Investor Representation Statement”). It is acknowledged and understood that Buyer is relying on the written representations made by each of the Seller Stockholders in the Investor Representation Statements.

Section 2.10 Registration Rights. If the Aggregate Share Consideration is not eligible for resale in its entirety without restriction pursuant to Rule 144 upon one (1) year following the issue date of the Aggregate Share Consideration, then Buyer shall file with the SEC within ninety (90) days thereafter a registration statement registering the resale of the Aggregate Share Consideration and shall use its reasonable best efforts to cause such registration statement to be declared effective as soon as commercially practicable thereafter and shall maintain the effectiveness of such registration statement until the earlier of (a) two (2) years following the effective thereof, (b) when all of the Aggregate Share Consideration has been resold pursuant to such registration statement, or (c) when the Aggregate Share Consideration may be resold without regard to volume limitations pursuant to Rule 144. Notwithstanding anything herein to the contrary, no registration right shall exist as to the Aggregate Share Consideration at any time when the Aggregate Share Consideration may be resold without regard to volume limitations pursuant to Rule 144. Seller or its legally permitted assign(s) or distributees, and any Seller Stockholder then owning shares out of the Aggregate Share Consideration, shall complete a selling shareholder questionnaire in such form as Buyer may reasonably request in furtherance of and as a condition to such registration.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the Disclosure Letter, Seller represents and warrants to Buyer as follows:

Section 3.1. Organization and Good Standing. Part 3.1 contains a complete and accurate list of Seller’s jurisdiction of incorporation and any other jurisdictions in which it is qualified to do business as a foreign corporation. Seller is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, with full corporate power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under Seller Contracts. Seller is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification; except where the failure to be so qualified or in good standing in such jurisdiction would not reasonably be expected to have a Material Adverse Effect on Seller.

Section 3.2. Enforceability; Authority; No Conflict.

(a) This Agreement constitutes the legal, valid and binding obligation of Seller, enforceable against it in accordance with its terms. Upon the execution and delivery by Seller of each agreement and certificate to be executed or delivered by Seller at the Closing pursuant to Section 2.6(a) (the "Seller's Closing Documents"), each of Seller's Closing Documents will constitute the legal, valid and binding obligation of Seller, enforceable against it in accordance with its terms. Seller has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and Seller's Closing Documents and to perform its obligations under this Agreement and Seller's Closing Documents, and such action has been duly authorized by all necessary action by the Seller Stockholders and directors of Seller.

(b) Neither the execution and delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time), (i) breach any provision of any of the Governing Documents of Seller or any resolution adopted by the board of directors or the Seller Stockholders; (ii) breach or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under any Legal Requirement or any Order to which Seller, or any of the Assets, may be subject; (iii) contravene, conflict with or result in a violation or breach of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by Seller or that otherwise relates to the Assets or to the Business; (iv) breach any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate or modify, any Seller Contract; (v) result in the imposition or creation of any Encumbrance upon or with respect to any of the Assets; or (vi) result in any Seller Stockholder having the right to exercise dissenters' appraisal rights.

(c) Except as set forth in Part 3.2(c), Seller is not required to obtain any Consent from or give notice to any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

Section 3.3. Capitalization. The authorized equity securities of Seller consist of 60,000,000 shares of common stock and 10,000,000 shares of preferred stock, of which 37,305,167 shares of common stock will be issued and outstanding as of immediately prior to the Closing. The Seller Stockholders are the only Persons entitled to vote on the Contemplated Transactions for Seller. Part 3.3 sets forth (i) a list of all of the Seller Stockholders indicating the number and class of shares of Seller held by each and, to the best of Seller's Knowledge, the current primary residence address of each, and (ii) a list of all outstanding options, warrants, 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 equity securities of Seller, or contracts, commitments, understandings or arrangements by which Seller is or may become bound to issue equity securities of Seller. None of the outstanding equity securities of Seller was issued in violation of the Securities Act or any other Legal Requirement in a manner that could reasonably be determined to give rise to a right of rescission on the part any holder of such equity securities.

Section 3.4. Financial Records. Seller has delivered to Buyer such financial Records, including banking statements and Tax Returns, as has been requested by Buyer (collectively, the "Financial Records"). The financial data contained in such Financial Records is true and correct in all material respects as at the respective dates of and for the periods referred to in such Financial Records, subject in all events to Section 3.17.

Section 3.5. Books and Records. The books of account and other Financial Records of Seller relating to the Business, all of which have been made available to Buyer, are complete and correct in all material respects, and represent actual, bona fide transactions and have been maintained in accordance with sound business practices. The minute books of Seller, to the extent they exist, all of which have been made available to Buyer to the extent they relate to the Business, contain accurate and complete Records of all meetings held of, and corporate action taken by, the stockholders and the board of directors of Seller, and no meeting relating to the Business of any such stockholders, board of directors or committee has been held for which minutes have not been prepared or are not contained in such minute books.

Section 3.6. Sufficiency of Assets. Except as set forth in Part 3.6, the Assets include all the operating assets of the Business.

Section 3.7. Real Property. Part 3.7 contains a correct legal description, street address and tax parcel identification number of all tracts, parcels and subdivided lots in which Seller has a leasehold interest and an accurate description (by location, name of lessor, date of Lease and term expiry date) of all Real Property Leases for which the Business is presently reliant. Seller does not have any ownership interest in any Real Property.

Section 3.8. Title To Assets; Encumbrances. Seller owns good and transferable title to all the Assets free and clear of any Encumbrances other than (a) those described in Part 3.8, (b) those for Taxes not yet due and payable, (c) statutory Encumbrances of landlords with respect to Real Property Leases, (d) Encumbrances of carriers, warehousemen, mechanics, materialmen and repairmen incurred in the Ordinary Course of Business and not yet delinquent, and (e) in the case of Real Property Leases, in addition to items (b) and (c), zoning, building, or other restrictions, variances, covenants, rights of way, encumbrances, easements and other minor irregularities in title, none of which, individually or in the aggregate, interfere in any material respect with the present use of or occupancy of the affected parcel by Seller (collectively, "Permitted Encumbrances").

Section 3.9. Condition of Tangible Personal Property. Each item of Tangible Personal Property included in the Assets is in good repair and good operating condition, ordinary wear and tear excepted, is suitable for immediate use in the Ordinary Course of Business and, to the Knowledge of Seller, is free from latent and patent defects. No item of Tangible Personal Property included in the Assets is in need of repair or replacement other than as part of routine maintenance in the Ordinary Course of Business. Except as disclosed in Part 3.9, all Tangible Personal Property used in the Business and included in the Assets is in the possession of Seller.

Section 3.10. Accounts Payable. Part 3.10 contains a complete and accurate list of all Accounts Payable as of the date of this Agreement. The Closing Statement shall contain a complete and accurate list of all Accounts Payable as of the Closing Date.

Section 3.11. No Undisclosed Liabilities. Except as set forth in Part 3.11, in the Financial Statements or on the Closing Statement, Seller has no Liability.

Section 3.12. Tax Returns Filed and Taxes Paid. Seller has filed or caused to be filed on a timely basis all Tax Returns. All Tax Returns filed by Seller are true, correct and complete. Seller has paid, or made provision for the payment of, all Taxes that have or may have become due for all periods covered by the Tax Returns or otherwise, or pursuant to any assessment received by Seller, except such Taxes, if any, as are listed in Part 3.12 and are being contested in good faith. Except as provided in Part 3.12, Seller currently is not the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made or is expected to be made by any Governmental Body in a jurisdiction where Seller does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Encumbrances on any of the Assets that arose in connection with any failure (or alleged failure) to pay any Tax, and Seller has no Knowledge of any basis for assertion of any claims attributable to Taxes which, if adversely determined, would result in any such Encumbrance. All Taxes that Seller is or was required to withhold, deduct or collect have been duly withheld, deducted and collected and, to the extent required, have been remitted to the proper Governmental Body or other Person. Seller has disclosed on its federal income Tax Return all positions taken therein that could give rise to a substantial understatement of federal Income Tax within the meaning of Code section 6662. The charges, accruals and reserves with respect to Taxes on the Records of Seller are adequate (determined in accordance with GAAP) and are at least equal to Seller's liability for Taxes. Part 3.12 sets forth the basis of Seller in its assets as of the most recent practicable date.

Section 3.13. No Subsidiaries. Seller does not own, beneficially or of record, any capital stock or other equity interest in any corporation, limited liability company, partnership, joint venture or other business association of any kind whatsoever.

Section 3.14. Employee Benefits.

(a) Set forth in Part 3.14(a) is a complete and correct list of all Employee Plans that (i) are maintained, administered or contributed to by Seller or has been maintained, administered or contributed to in the last six (6) years by Seller, or with respect to which Seller has or may have any liability, and (ii) provides benefits, or describes policies or procedures applicable to any current or former director, officer, employee or service provider of Seller, or the dependents of any thereof, regardless of how (or whether) liabilities for the provision of benefits are accrued or assets are acquired or dedicated with respect to the funding thereof. Except as disclosed in Part 3.14(a), Seller has never maintained, administered or contributed to an Employee Plan that is (w) a “Defined Benefit Plan” (as defined in Section 414(j) of the Code); (x) a plan intended to meet the requirements of Section 401(a) of the Code; (y) a “Multiemployer Plan” (as defined in Section 3(37) of ERISA); or (z) a plan subject to Title IV of ERISA or the minimum funding requirements of Section 412 of the Code. There has never been any other corporation or trade or business controlled by, controlling under common control with or in the same controlled group with Seller (within the meaning of Section 414 of the Code or Section 4001(a)(14) or 4001(b) of ERISA).

(b) Seller has delivered to Buyer true, accurate and complete copies of (i) the documents comprising each Employee Plan (or, with respect to any Employee Plan which is unwritten, a detailed written description of eligibility, participation, benefits, funding arrangements, assets and any other matters which relate to the obligations of Seller); (ii) all trust agreements, insurance contracts or any other funding instruments related to the Employee Plans; (iii) all rulings, determination letters, no-action letters or advisory opinions from the IRS, the U.S. Department of Labor, or any other Governmental Body that pertain to each Employee Plan and any open requests therefor; (iv) the most recent actuarial and financial reports (audited and/or unaudited) and the annual reports filed with any Government Body with respect to the Employee Plans during the current year and each of the six preceding years; (v) all collective bargaining agreements pursuant to which contributions to any Employee Plan(s) have been made or obligations incurred (including both pension and welfare benefits) by Seller, and all collective bargaining agreements pursuant to which contributions are being made or obligations are owed by such entities; (vi) all securities registration statements filed with respect to any Employee Plan; (vii) all contracts and insurance policies with insurance companies, third-party administrators, actuaries, investment managers, consultants and other independent contractors that relate to any Employee Plan; (viii) all summary plan descriptions, summaries of material modifications and memoranda, employee handbooks and other written communications regarding the Employee Plans; (ix) a sample of all current administrative forms for each Employee Plan; and (x) the most recent nondiscrimination test reports with respect to the Employee Plans for each of the six preceding years.

(c) Except as disclosed in Part 3.14(c), full payment has been made of all amounts that are required under the terms of each Employee Plan to be paid as contributions with respect to all periods prior to and including the last day of the most recent fiscal year of such Employee Plan ended on or before the date of this Agreement and all periods thereafter prior to the Closing Date.

(d) The form of all Employee Plans is in compliance, in all material respects with the applicable terms of ERISA, the Code, and any other applicable Legal Requirement, including the Americans with Disabilities Act of 1990, the Family Medical Leave Act of 1993 and the Health Insurance Portability and Accountability Act of 1996, and such plans have been operated in compliance in all material respects with such Legal Requirements and the written Employee Plan documents. Neither Seller nor any fiduciary of an Employee Plan has violated the requirements of Section 404 of ERISA. All required reports and descriptions of the Employee Plans (including Internal Revenue Service Form 5500 Annual Reports, Summary Annual Reports and Summary Plan Descriptions and Summaries of Material Modifications) have been (when required) timely filed with the IRS, the U.S. Department of Labor or other Governmental Body and distributed as required, and all notices required by ERISA or the Code or any other Legal Requirement with respect to the Employee Plans have been appropriately given.

(e) Each Employee Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS, and Seller has no Knowledge of any circumstances that will or could result in revocation of any such favorable determination letter.

(f) There is no material pending or, to the Knowledge of Seller, threatened Proceeding relating to any Employee Plan, nor is there any basis for any such Proceeding. Neither Seller nor any fiduciary of an Employee Plan has engaged in a transaction with respect to any Employee Plan that, assuming the taxable period of such transaction expired as of the date hereof, could subject Seller or Buyer to a Tax or penalty imposed by the Code or ERISA or a violation of Section 406 of ERISA. The Contemplated Transactions will not result in the potential assessment of a Tax or penalty under the Code or ERISA nor result in a violation of Section 406 of ERISA.

(g) Seller has maintained workers' compensation coverage as required by applicable state law through purchase of insurance and not by self-insurance or otherwise except as disclosed to Buyer on Part 3.14(g).

(h) Except as required by Legal Requirements: (x) the consummation of the Contemplated Transactions will not accelerate the time of vesting or the time of payment, or increase the amount, of compensation or benefits due to any director, employee, officer, former employee or former officer of Seller, and there has been no communication whatsoever of any commitment by Seller to create any new Employee Plan that is not yet effective; and (y) there are no contracts or arrangements providing for payments that could subject any person to liability for tax under Section 4999 of the Code.

(i) Seller has no obligations or potential liability for benefits to employees, former employees or their respective dependents following termination of employment or retirement under any of the Employee Plans that are Employee Welfare Benefit Plans.

(j) None of the Contemplated Transactions will result in an amendment, modification or termination of any of the Employee Plans. Except as further described in Part 3.14(j), no written or oral representations have been made to any employee or former employee of Seller promising or guaranteeing any employer payment or funding for the continuation of medical, dental, life or disability coverage for any period of time beyond the end of the current plan year (except to the extent of coverage required under COBRA). No written or oral representations have been made to any employee or former employee of Seller concerning the employee benefits of Buyer.

(k) No benefit under any Employee Plan has in the past or could give rise in the future to the payment of any amount that would not be deductible pursuant to the current provisions of the Code.

Section 3.15. Compliance With Legal Requirements; Governmental Authorizations.

(a) Seller is, and at all times since its inception has been, in compliance in all material respects with each Legal Requirement that is or was applicable to it or to the conduct or operation of the Business or the ownership or use of any of the Assets except where the failure to comply would not reasonably be expected to have a Material Adverse Effect on Seller.

(b) No event has occurred or circumstance exists that (with or without notice or lapse of time) (A) may constitute or result in a material violation by Seller of, or a failure on the part of Seller to comply with, any Legal Requirement or (B) may give rise to any obligation on the part of Seller to undertake, or to bear all or any portion of the cost of, any remedial action of any nature with respect to any Legal Requirement.

(c) Seller has not received, at any time since its inception, any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding (A) any actual, alleged, possible or potential violation of, or failure to comply with, any Legal Requirement or (B) any actual, alleged, possible or potential obligation on the part of Seller to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(d) Part 3.15(d) contains a complete and accurate list of each material Governmental Authorization that is held by Seller or that otherwise relates to the Business or the Assets. Each Governmental Authorization listed or required to be listed in Part 3.15(d) is valid and in full force and effect. Seller is, and at all times since its inception has been, in compliance in all material respects with all of the terms and requirements of each Governmental Authorization identified or required to be identified in Part 3.15(d). The Governmental Authorizations listed in Part 3.15(d) collectively constitute all of the Governmental Authorizations necessary to permit Seller to lawfully conduct and

operate the Business in the manner in which it currently conducts and operates the Business and to permit Seller to own and use the Assets in the manner in which it currently owns and uses the Assets except where the failure to comply would not reasonably be expected to have a Material Adverse Effect on Seller. Seller expressly disclaims any representation or warranty that the Governmental Authorizations listed in Part 3.15(d) are necessary or sufficient for the lawful conduct and operation of the Business by Buyer from and after the Closing.

Section 3.16. Legal Proceedings; Orders.

(a) Except as set forth in Part 3.16(a), there is no pending, and to Seller's Knowledge threatened, Proceeding:

(i) by or against Seller or that otherwise relates to or may affect the Business, or the Assets; or

(ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the Contemplated Transactions.

To Seller's Knowledge, no event has occurred or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any such Proceeding. Seller has delivered to Buyer copies of all pleadings, correspondence and other documents relating to each Proceeding listed in Part 3.16(a). There are no Proceedings listed or required to be listed in Part 3.16(a) that could have a Material Adverse Effect on Seller.

(b) Except as set forth in Part 3.16(b):

(i) there is no Order to which Seller, the Business or any of the Assets is subject; and

(ii) To Seller's Knowledge, no officer, director, agent or employee of Seller is subject to any Order that prohibits such officer, director, agent or employee from engaging in or continuing any conduct, activity or practice relating to the Business.

(c) Except as set forth in Part 3.16(c):

(i) Seller is, and, at all times since its inception has been in compliance in all material respects with all of the terms and requirements of each Order to which it or any of the Assets is or has been subject;

(ii) No event has occurred or circumstance exists that is reasonably likely to constitute or result in (with or without notice or lapse of time) a material violation of or failure to comply with any term or requirement of any Order to which Seller or any of the Assets is subject; and

(iii) Seller has not received, at any time since its inception, any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, possible or potential violation of, or failure to comply with, any term or requirement of any Order to which Seller or any of the Assets is or has been subject.

Section 3.17. Financial Statements; Absence of Certain Changes and Events.

(a) Financial Statements.

(i) Attached to Part 3.17(a)(i) are the following unaudited financial statements of Seller (collectively, the "Annual Financial Statements"):

(A) the balance sheets of Seller as of December 31, 2010, December 31, 2011 and December 31, 2012;

(B) the statements of operations of Seller for the fiscal years December 31, 2010, December 31, 2011 and December 31, 2012;

and

(C) the cash flow statements of Seller for the fiscal years December 31, 2010, December 31, 2011 and December 31, 2012.

(ii) Attached to Part 3.17(a)(ii) are the following unaudited interim financial statements of Seller (collectively, the “Interim Financial Statements”):

(A) the unaudited balance sheet (“Latest Balance Sheet”) for Seller as of September 30, 2012 (the “Latest Balance Sheet Date”); and

(B) the unaudited statement of operations for the quarterly period ended September 30, 2012; and

(C) the cash flow statement for the quarterly period ended September 30, 2012.

(iii) Each of the Annual Financial Statements and the Interim Financial Statements (collectively, the “Financial Statements”) is consistent with the books and records of Seller and fairly reflects in all material respects the financial condition, results of operations and cash flows of Seller as of the date and for the periods related thereto and have been prepared in accordance with GAAP applied on a consistent basis (except, in the case of the Annual Financial Statements and the Interim Financial Statements for the absence of footnote disclosure and, in the case of the Interim Financial Statements, for normal and immaterial year-end adjustments) throughout the periods covered thereby.

(b) Absence of Certain Changes and Events. Other than actions taken in furtherance of the sale of its assets or other business combination transaction involving it, since December 31, 2012, Seller has conducted its business only in the Ordinary Course of Business. Since December 31, 2012, there has not been any event, whether individually or in the aggregate, which could reasonably be expected to have a Material Adverse Effect on Seller. Since December 31, 2012, there has not been (i) any sale, lease or other disposition of any asset or property of Seller necessary to operate the Business (including the Intellectual Property Assets) or the creation of any Encumbrance on any of the Assets (except for Permitted Encumbrances), (ii) any indication by any customer or supplier of an intention to prematurely discontinue or change the terms of its relationship with Seller; (iii) any entry into, termination of or receipt of notice of termination of any license, distributorship, dealer, sales representative, joint venture, credit or similar Contract relating to the Business; and (iv) any damage to or destruction or loss of any Asset, whether or not covered by insurance.

Section 3.18. Contracts; No Defaults.

(a) Except as set forth in Part 3.18(a), each Seller Contract listed on Exhibit 2.1 is in full force and effect, is valid and enforceable in accordance with its terms, is assignable by Seller to Buyer without the consent of any other Person, and, to the Knowledge of Seller, will upon completion or performance thereof not have a Material Adverse Effect on the Business or Assets.

(b) Except as set forth in Part 3.18(b):

(i) Seller is, and at all times has been, in compliance in all material respects with all applicable terms and requirements of each Seller Contract which is being assumed by Buyer;

(ii) to Seller’s Knowledge, each other Person that has or had any obligation or liability under any Seller Contract which is being assigned to Buyer is, and at all times has been, in compliance in all material respects with all applicable terms and requirements of such Seller Contract;

(iii) to Seller’s Knowledge, no event has occurred or circumstance exists that (with or without notice or lapse of time) may contravene, conflict with or result in a Breach of, or give Seller or other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate or modify, any Seller Contract that is being assigned to or assumed by Buyer; and

(iv) to Seller's Knowledge no event has occurred or circumstance exists under or by virtue of any Contract that (with or without notice or lapse of time) would cause the creation of any Encumbrance affecting any of the Assets.

Section 3.19. Insurance.

(a) To the extent such items exist and pertain to the Assets or Assumed Liabilities, Seller has delivered to Buyer (i) accurate and complete copies of all policies of insurance (and correspondence relating to coverage thereunder), including pending applications, to which Seller is a party or under which Seller is or has been covered at any time since its inception, (ii) a description of any self-insurance arrangements, (iii) a list of any reserves for losses, (iv) accurate and complete copies of any contracts involving a transfer of the risk of loss, (v) accurate and complete copies of any obligations of Seller to insure Third Parties, and (vi) a summary of all loss experiences and claims made under any of the foregoing, a list of which is included in Part 3.19(a).

(b) All policies of insurance as described in Section 3.19(a)(i) are (i) valid, outstanding and enforceable, and (ii) to Seller's Knowledge, issued by an insurer that is financially sound and reputable.

Section 3.20. Environmental Matters. Seller is, and at all times has been, in compliance in all material respects with, and has not been and is not in violation of or liable under, any Environmental Law. Seller does not have any basis to expect, nor has it or any other Person for whose conduct it is or may be held to be responsible received, any actual or threatened order, notice or other communication from (i) any Governmental Body or private citizen acting in the public interest or (ii) the current or prior owner or operator of any location where Seller currently or previously has conducted its business, of any actual or potential violation or failure to comply with any Environmental Law, or of any actual or threatened obligation to undertake or bear the cost of any Environmental, Health and Safety Liabilities.

Section 3.21. Employees.

(a) Seller has made available to Buyer a complete and accurate list of the following information for each employee of Seller that is engaged in the Business, including each employee on leave of absence or layoff status and each consultant or independent contractor that has provided services to Seller that are material to the Business or the development of the technology of the Business: employer; name; job title; date of hiring or engagement; date of commencement of employment or engagement; current compensation paid or payable and any change in compensation since December 31, 2010; sick and vacation leave that is accrued but unused; and service credited for purposes of vesting and eligibility to participate under any Employee Plan, or any other employee or director benefit plan.

(b) No officer, director, agent, employee, consultant, or contractor of Seller that was or is engaged in the Business is bound by any Contract that purports to limit the ability of such officer, director, agent, employee, consultant, or contractor (i) to engage in or continue or perform any conduct, activity, duties or practice relating to the Business, or (ii) to assign to Seller or to any other Person any rights to any invention, improvement, or discovery. No former or current employee, consultant or contractor of Seller is a party to, or is otherwise bound by, any Contract that in any way adversely affected, affects, or will affect the ability of Seller or Buyer to conduct the Business as heretofore carried on by Seller.

Section 3.22. Labor Disputes; Compliance.

(a) Seller has complied in all material respects with all Legal Requirements relating to employment practices, terms and conditions of employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, collective bargaining and other employment practices, the payment of social security and similar Taxes and occupational safety and health. Seller is not liable for the payment of any Taxes, fines, penalties, or other amounts, however designated, for failure to comply with any of the foregoing Legal Requirements.

(b) Except as disclosed in Part 3.22(b), (i) Seller has not been, and is not now, a party to any collective bargaining agreement or other labor contract; (ii) since December 31, 2010, there has not been, there is not presently pending or existing, there is not threatened, any strike, slowdown, picketing, work stoppage or employee grievance process involving Seller; (iii) no event has occurred or circumstance exists that could provide the basis for any work stoppage or other labor dispute; (iv) there is not pending or, to Seller's Knowledge, threatened against or affecting Seller any Proceeding relating to the alleged violation of any Legal Requirement pertaining to labor relations or employment matters, including any charge or complaint filed with the National Labor Relations Board or any comparable Governmental Body, and there is no organizational activity or other labor dispute against or affecting Seller; (v) no application or petition for an election of or for certification of a collective bargaining agent is pending; (vi) no grievance or arbitration Proceeding with respect to any Legal Requirements described in Section 3.22(a) exists that might have an adverse effect upon Seller or the conduct of the Business; (vii) there is no lockout of any employees by Seller, and no such action is contemplated by Seller; and (viii) there has been no charge of discrimination filed against or threatened against Seller with the Equal Employment Opportunity Commission or similar Governmental Body.

Section 3.23. Intellectual Property Assets.

(a) The term "Intellectual Property Assets" means all intellectual property owned or licensed (as licensor or licensee) by Seller in which Seller has a proprietary interest, and which, whether directly or indirectly, are related to, used in connection with, or are or will form a part of the Business, including, but not limited to:

(i) Seller's name, all assumed fictional business names, trade names, registered and unregistered trademarks, service marks and applications (collectively, "Marks");

(ii) all patents and patent applications, and any continuation, divisional, renewal, substitute or reissue thereof, or any legal equivalent thereof in a foreign country, and all inventions and discoveries that may be patentable in the United States or any foreign country (collectively, "Patents");

(iii) all registered and unregistered copyrights in both published works and unpublished works (collectively, "Copyrights");

(iv) all know-how, trade secrets, confidential or proprietary information, customer lists, Software, technical information, data, process technology, plans, drawings and blue prints (collectively, "Trade Secrets"); and

(v) all rights in internet web sites and internet domain names presently registered to Seller (collectively "Domain Names").

(b) Part 3.23(b) contains a complete and accurate list, and Seller has delivered to Buyer accurate and complete copies, of all Seller Contracts relating to the Intellectual Property Assets, except for any license implied by the sale of a product and perpetual, paid-up licenses for commonly available Software programs under which Seller is the licensee. There are no outstanding and no threatened disputes or disagreements with respect to any such Contract.

(c) (i) Except as set forth in Part 3.23(c), the Intellectual Property Assets are all those necessary for the operation of the Business as it is currently conducted. Seller is the owner or licensee of all right, title and interest in and to each of the Intellectual Property Assets, free and clear of all Encumbrances, and has the right to use without payment to a Third Party all of the Intellectual Property Assets, other than in respect of licenses listed in Part 3.23(c).

(ii) Except as set forth in Part 3.23(c), all former employees of Seller since its inception, and all current employees of Seller have executed written Contracts with Seller that assign to Seller all rights to any inventions, improvements, discoveries or information relating to the Business.

(d) Seller has no Patents.

(e) (i) Part 3.23(e) contains a complete and accurate list of all Marks.

(ii) All Marks which have been registered with the United States Patent and Trademark Office are currently in compliance with all formal Legal Requirements (including the timely post-registration filing of affidavits of use and incontestability and renewal applications), and are valid and enforceable.

(iii) No Mark has been or is now involved in any opposition, invalidation or cancellation Proceeding and, to Seller's Knowledge, no such action is threatened with respect to any of the Marks.

(iv) To Seller's Knowledge, there is no potentially interfering trademark or trademark application of any other Person.

(v) No Mark is infringed or, to Seller's Knowledge, has been challenged or threatened in any way. None of the Marks used by Seller infringes or is alleged to infringe any trade name, trademark or service mark of any other Person.

(vi) All products and materials containing a Mark bear the proper federal registration notice where permitted by law.

(f) (i) Part 3.23(f) contains a complete and accurate list of all registered Copyrights.

(ii) All of the registered Copyrights are currently in compliance with formal Legal Requirements, and are valid and enforceable.

(iii) No Copyright is infringed or, to Seller's Knowledge, has been challenged or threatened in any way. None of the subject matter of any of the Copyrights infringes or is alleged to infringe any copyright of any Third Party or is a derivative work based upon the work of any other Person.

(iv) All works encompassed by the Copyrights have been marked with the proper copyright notice.

(g) (i) With respect to each Trade Secret, the documentation relating to such Trade Secret is current, accurate and sufficient in detail and content to identify and explain it and to allow its full and proper use without reliance on the knowledge or memory of any individual.

(ii) Seller has taken all reasonable precautions to protect the secrecy, confidentiality and value of all Trade Secrets (including the enforcement by Seller of a policy requiring each employee or contractor to execute proprietary information and confidentiality agreements substantially in Seller's standard form, and all current and former employees and contractors of Seller have executed such an agreement).

(iii) Seller has good title to and an absolute right to use the Trade Secrets. The Trade Secrets are not part of the public knowledge or literature and, to Seller's Knowledge, have not been used, divulged or appropriated either for the benefit of any Person (other than Seller) or to the detriment of Seller. No Trade Secret is subject to any adverse claim or has been challenged or threatened in any way or infringes any intellectual property right of any other Person.

(h) (i) Part 3.23(h) contains a complete and accurate list of all Domain Names.

(ii) All Domain Names have been registered in the name of Seller and are in compliance in all material respects with all formal Legal Requirements.

(iii) No Domain Name has been or is now involved in any dispute, opposition, invalidation or cancellation Proceeding and, to Seller's Knowledge, no such action is threatened with respect to any Domain Name.

(iv) To Seller's Knowledge, no Domain Name is infringed or, to Seller's Knowledge, has been challenged, interfered with or threatened in any way. No Domain Name infringes, interferes with or, to Seller's Knowledge, is alleged to interfere with or infringe the trademark, copyright or domain name of any other Person.

Section 3.24. Compliance With the Foreign Corrupt Practices Act and Export Control and Antiboycott Laws. Seller, and to Seller's Knowledge its Representatives, have at all times acted in compliance with the Foreign Corrupt Practices Act. Seller has at all times been in compliance with all Legal Requirements relating to export control and trade embargoes. Seller has not violated the antiboycott prohibitions contained in 50 U.S.C. §2401 et seq. or taken any action that can be penalized under Section 999 of the Code.

Section 3.25. Brokers or Finders. Except as disclosed in Part 3.25, neither Seller, nor to Seller's Knowledge any of its Representatives, have incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payments in connection with the sale of the Business, the Assets or the Contemplated Transactions.

Section 3.26. Relationship with Related Persons. Except as disclosed in Part 3.26, no Related Person of Seller has, or since Seller's inception has had, any ownership interest in any property (whether real, personal or mixed and whether tangible or intangible) used in or pertaining to the Business, other than as an owner of Seller's equity securities. Neither Seller nor any Related Person of Seller owns, or since Seller's inception has owned, of record or as a beneficial owner, an equity interest or any other financial or profit interest in any Person that has (a) had business dealings or a material financial interest in any transaction with Seller other than business dealings or transactions disclosed in Part 3.26, each of which has been conducted in the Ordinary Course of Business with Seller at substantially prevailing market prices and on substantially prevailing market terms or (b) engaged in competition with Seller with respect to any line of the products or services of Seller (a "Competing Business") in any market presently served by Seller, except for ownership of less than one percent (1%) of the outstanding capital stock of any Competing Business that is publicly traded on any recognized exchange or in the over-the-counter market. Except as set forth in Part 3.26, no Related Person of Seller is a party to any Contract with, or has any claim or right against, Seller.

Section 3.27. Restatement; Resale Restrictions on Shares. Seller acknowledges and understands that, (i) as disclosed in Buyer's Current Report on Form 8-K filed with the SEC on February 8, 2013, Buyer intends to restate the financial statements (the "Restatement") included in Buyer's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (the "2011 Annual Report") and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012, to reflect reverse capitalization accounting for the acquisition of certain assets of Spindle Mobile, Inc.; and (ii) as a result of the intended Restatement, Rule 144 may not be available to permit the resale of the Aggregate Share Consideration until one (1) year following the date on which the Buyer files Form 10 information with the SEC and amends its 2011 Annual Report to include such restated financial statements.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

Section 4.1. Organization and Good Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada with full corporate power and authority to conduct its business as it is now conducted.

Section 4.2. Enforceability; Authority; No Conflict.

(a) This Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. Upon the execution and delivery by Buyer of each agreement and certificate to be executed or delivered by Buyer at Closing pursuant to Section 2.6(b) (the "Buyer's Closing Documents"), each of

Buyer's Closing Documents will constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer, as the case may be, in accordance with its respective terms. Buyer has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and Buyer's Closing Documents and to perform its obligations under this Agreement and Buyer's Closing Documents, and such action has been duly authorized by all necessary corporate action.

(b) Neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer will give any Person the right to prevent, delay or otherwise interfere with any of the Contemplated Transactions pursuant to (i) any provision of Buyer's Governing Documents; (ii) any resolution adopted by the board of directors or the stockholders of Buyer; (iii) any Legal Requirement or Order to which Buyer may be subject; or (iv) any Contract to which Buyer is a party or by which Buyer may be bound. Buyer is not and will not be required to obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

Section 4.4 SEC Reports and Filings; Buyer Offering Materials. Except as set forth in the Buyer's Current Report on Form 8-K filed with the SEC on February 8, 2013 Buyer's (i) Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on March 30, 2012, (ii) Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, filed with the SEC on November 14, 2012, and (iii) Current Reports on Form 8-K filed with the SEC since September 30, 2012 (all of the foregoing documents, collectively, the "SEC Documents"), including the financial statements contained therein, (i) complied with all applicable Legal Requirements of the Exchange Act or the Securities Act, as the case may be, and the rules and regulations promulgated by the SEC thereunder, at and as of the times they were filed in all material respects, and (ii) did not at and as of the time they were filed 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. The Buyer Offering Materials, if required pursuant to Section 2.6(d) hereof, (i) constitute the information required to be delivered to non-accredited investors pursuant to Rule 502 of Regulation D in order for Buyer's issuance of the Aggregate Share Consideration to the Seller Stockholders to be exempt from registration pursuant to Rule 506 of Regulation D, assuming the truth and accuracy of the Investor Representation Statements executed by the Seller Stockholders, and (ii) do not, as of the dates and periods covered thereby, 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.

Section 4.5. Certain Proceedings. There is no pending Proceeding that has been commenced against Buyer that challenges, or may have the effect of preventing, delaying, making illegal or otherwise interfering with, this Agreement or any of the Contemplated Transactions. To Buyer's Knowledge, no such Proceeding has been threatened.

Section 4.6. No Reliance. Buyer acknowledges that in making the decision to enter into this Agreement and to consummate the transactions contemplated hereby, other than reliance on the representations, warranties, covenants and obligations of Seller explicitly set forth in this Agreement, Buyer has relied solely upon its (and its Representatives') independent investigation, analysis and evaluation of Seller and of the Contemplated Transactions contemplated by this Agreement (including its own estimate and appraisal of the value of the Company and its financial conditions, assets, operations, and prospects). Buyer confirms to Seller that (a) Buyer and its Representatives have had full opportunity to discuss, ask questions, and obtain data regarding the Company, this Agreement, and the transactions contemplated hereby of and with Seller and its Representatives, and (b) Buyer is sophisticated, knowledgeable, and capable of evaluating the matters set forth above.

Section 4.7. Capital Stock. The Aggregate Share Consideration to be issued by Buyer pursuant to this Agreement, when issued in accordance with this Agreement, will be duly authorized, validly issued, fully paid and nonassessable, and free and clear from any Encumbrance in respect of the issuance thereof, except as provided in this Agreement and except for Encumbrances created by or imposed upon the holder of such shares. Such Aggregate Share Consideration will not be subject to any preemptive rights or other restrictions, except as provided in this Agreement, or under federal and applicable state securities laws. Assuming the representations and warranties of each Seller Stockholder in his, her or its Investor Representation Statement are true and correct, the

Aggregate Share Consideration and any other shares of common stock of Buyer issuable pursuant to this Agreement will be issued in compliance with applicable federal or state securities laws.

Section 4.8. Code §368(a)(1)(C) Reorganization Status.

- (a) There is no present plan or intention for Buyer or any person related to Buyer (as defined in Reg. Sec. 1.368-1(e)(3)) to acquire or redeem, during the five-year period beginning on the Closing Date, any of the Aggregate Share Consideration issued in the transaction either directly or indirectly or through any transaction, agreement, or arrangement with any other Person.
- (b) Buyer has no present plan or intention to sell or otherwise dispose of any of the Assets.
- (c) Buyer has no present intention not to continue the historic business of Seller or not to use a significant portion of Seller's business assets in Buyer's business.
- (d) Buyer is not an investment company as defined in Section 368(a)(2)(F)(iii) and (iv) of the Code.

ARTICLE V
ADDITIONAL COVENANTS

Section 5.1. Employees and Employee Benefits.

(a) Information on Active Employees. For the purpose of this Agreement, the term "Active Employees" shall mean all employees or consultants employed on the Closing Date by Seller for the Business who are employed exclusively in the Business as then conducted, including employees on temporary leave of absence, including family medical leave, military leave, temporary disability or sick leave, but excluding employees on long-term disability leave.

(b) Employment of Active Employees by Buyer.

(i) Not later than the Closing Date, Buyer shall offer employment or consultancy to the Active Employees of Seller listed on Schedule 5.1(b) at the compensation rates set forth on Schedule 5.1(b) and with such benefits, if any, as specified on Schedule 5.1(b) (any such employees or consultants who accept such offer of employment or consultancy being referred to as the "Hired Active Employees"). Buyer shall have no obligation to offer employment to any employees whose employment had been terminated (voluntarily or involuntarily) or who have retired prior to the Closing Date.

(ii) Neither Seller nor any of its Related Persons shall solicit the continued employment of any Hired Active Employee after the Closing.

(iii) It is understood and agreed that (A) Buyer's expressed intention to extend offers of employment as set forth in this section shall not constitute any commitment, Contract or understanding (expressed or implied) of any obligation on the part of Buyer to a post-Closing employment or consultancy relationship of any fixed term or duration or upon any terms or conditions other than those set forth in this Section, the Consultant Agreements and the Non-Competition Agreements, and (B) unless otherwise specified in the Consultant Agreements, employment or consultancy offered by Buyer may be terminated by Buyer at any time for any reason (subject to any written commitments to the contrary made by Buyer or Hired Employee and Legal Requirements). Nothing in this Agreement shall be deemed to prevent or restrict in any way the right of Buyer to terminate, reassign, promote or demote any of the Hired Active Employees after the Closing or to change adversely or favorably the title, powers, duties, responsibilities, functions, locations, salaries, other compensation or terms or conditions of employment or consultancy of such Hired Active Employees, except as otherwise provided in the Consultant Agreements.

(c) Salaries and Benefits.

(i) Seller shall be responsible for (A) the payment of all wages and other remuneration due to Active Employees with respect to their services as employees of Seller through the close of business on the Closing Date, including pro rata bonus payments and all vacation pay earned prior to the Closing Date, if any; and (B) the payment of any termination or severance payments if such employee is not a Hired Active Employee, provided that all Hired Active Employees shall waive in writing any and all termination or severance payments that would otherwise result from the termination of their employment by Seller.

(ii) Seller shall be liable for any claims made or incurred by Active Employees and their beneficiaries through the Closing Date under the Employee Plans. For purposes of the immediately preceding sentence, a charge will be deemed incurred, in the case of hospital, medical or dental benefits, when the services that are the subject of the charge are performed and, in the case of other benefits (such as disability or life insurance), when an event has occurred or when a condition has been diagnosed that entitles the employee to the benefit.

(d) No Transfer of Assets. Neither Seller nor its Related Persons will make any transfer of pension or other employee benefit plan assets to Buyer.

(e) Terms of Employment. Subject to the provisions of Section 5.1(b)(i), Buyer will set its own initial terms and conditions of employment and consultancy for the Hired Active Employees and others it may hire, including work rules, and future wage structure, all as permitted by law. Buyer is not obligated to assume any collective bargaining agreements under this Agreement. Seller shall be solely liable for any severance payment required to be made to its employees due to the Contemplated Transactions. Any bargaining obligations of Buyer with any union with respect to bargaining unit employees subsequent to the Closing, whether such obligations arise before or after the Closing, shall be the sole responsibility of Buyer.

(f) General Employee Provisions.

(i) Seller and Buyer shall give any notices required by Legal Requirements and take whatever other actions with respect to the plans, programs and policies described in this Section 5.1 as may be necessary to carry out the arrangements described in this Section 5.1.

(ii) Seller and Buyer shall provide each other with such plan documents and summary plan descriptions, employee data or other information as may be reasonably required to carry out the arrangements described in this Section 5.1.

(iii) If any of the arrangements described in this Section 5.1 are determined by the IRS or other Governmental Body to be prohibited by law, Seller and Buyer shall modify such arrangements to as closely as possible reflect their expressed intent and retain the allocation of economic benefits and burdens to the parties contemplated herein in a manner that is not prohibited by law.

(iv) Buyer shall not have any responsibility, liability or obligation, whether to Active Employees, former employees, their beneficiaries or to any other Person, with respect to any employee benefit plans, practices, programs or arrangements (including the establishment, operation or termination thereof and the notification and provision of COBRA coverage extension) maintained by Seller.

Section 5.2. Collection of Accounts Receivable.

(a) Seller shall cooperate with and assist Buyer in connection with the collection of the Accounts Receivable and shall take all actions reasonably requested by Buyer in connection therewith. Following the Closing Date, if Seller receives any payment with respect to the Accounts Receivable it shall deliver such payment to Buyer in the form received within three (3) Business Days after its receipt thereof. Seller shall not have any claims, defenses or rights to set-off with respect to any such payments. Seller shall endorse or deposit any checks or other instruments received in payment of the Accounts Receivable.

(b) In furtherance of Section 5.2(a), Seller, effective upon the Closing, constitutes and appoints Buyer and its successors and assigns the agent of Seller in the collection of the Accounts Receivable and the attorney-in-fact of Seller, with full power of substitution, to execute, sign, endorse, or deliver, in the name of Seller, receipts or any other document necessary to evidence, collect, or otherwise realize upon such Accounts Receivable, and to institute and prosecute, in the name of Seller or Buyer but on behalf of, and for the benefit of, Buyer, and at the expense of Buyer, all proceedings and actions that Buyer may deem desirable to collect, assert or enforce any claim, right or title of any kind in and to the Accounts Receivable, and to defend and compromise any and all actions, suits or proceedings that the owner of the Accounts Receivable is entitled to defend or compromise. Seller agrees that the foregoing powers are coupled with an interest and are and shall be irrevocable by Seller in any manner and for any reason (including the dissolution of Seller). In addition, Seller agrees to execute any further power-of-attorney that Buyer deems reasonably necessary or appropriate to give effect to this Section 5.2(b) and for Buyer to evidence, collect, or otherwise realize upon the Accounts Receivable.

(c) Neither of Sections 5.2(a) nor (b) shall apply to any Accounts Receivable assigned to Seller pursuant to Section 2.3(b)(i).

Section 5.3. Payment of Other Retained Liabilities. Seller shall pay, or make adequate provision for the payment, in full of all the Retained Liabilities and other Liabilities of Seller under this Agreement. If any such Liabilities are not so paid or provided for, or if Buyer reasonably determines that failure to make any payments will impair Buyer's use or enjoyment of the Assets or conduct of the Business previously conducted by Seller with the Assets, Buyer may, at any time after the Closing Date, elect to make all such payments directly (but shall have no obligation to do so) and set off and deduct the full amount of all such payments from the Indemnification Escrow on a pro rata basis, as provided in Article VI.

Section 5.4. Reports and Returns. Seller shall promptly after the Closing prepare and file all reports and returns required by Legal Requirements relating to the Business of Seller as conducted using the Assets, to and including the Effective Time.

Section 5.5. Assistance in Proceedings. Each party will cooperate with the other party and its counsel in the contest or defense of, and make available its personnel and provide any testimony and access to its books and Records in connection with, any Proceeding involving or relating to (a) any Contemplated Transaction or (b) any action, activity, circumstance, condition, conduct, event, fact, failure to act, incident, occurrence, plan, practice, situation, status or transaction on or before the Closing Date involving Seller, the Business, or the Assets.

Section 5.6. Noncompetition, Nonsolicitation and Nondisparagement.

(a) Noncompetition. For a period of three (3) years after the Closing Date, Seller covenants and agrees that it and the Hired Active Employees shall not, anywhere in [the United States], directly or indirectly invest in, own, manage, operate, finance, control, advise, render services to or guarantee the obligations of any Person engaged in or planning to become engaged in the businesses of the Business, *provided, however*, that Seller may acquire up to (but not more than) five percent (5%) of any class of the securities of any Person (but may not otherwise participate in the activities of such Person) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Exchange Act. The geographical area encompassed by this Agreement is due to the nature and scope of Buyer's business offerings.

(b) Nonsolicitation. For a period of three (3) years after the Closing Date, Seller covenants and agrees that it and the Hired Active Employees shall not, directly or indirectly:

(i) solicit the business of any Person who is a customer of Buyer;

(ii) cause, induce or attempt to cause or induce any customer, supplier, licensee, licensor, franchisee, employee, consultant or other business relation of Buyer to cease doing business with Buyer, to deal with any competitor of Buyer or in any way interfere with its relationship with Buyer;

(iii) cause, induce or attempt to cause or induce any customer, supplier, licensee, licensor, franchisee, employee, consultant or other business relation of Seller on the Closing Date or within the year preceding the Closing Date to cease doing business with Buyer, to deal with any competitor of Buyer or in any way interfere with its relationship with Buyer; or

(iv) hire, retain or attempt to hire or retain any employee or independent contractor of Buyer or in any way interfere with the relationship between Buyer and any of its employees or independent contractors.

(c) Nondisparagement. After the Closing Date, Seller will not disparage Buyer or any of Buyer's stockholders, directors, officers, employees or agents.

(d) Modification of Covenant. If a final judgment of a court or tribunal of competent jurisdiction determines that any term or provision contained in Section 5.6(a) through (c) is invalid or unenforceable, then the parties agree that the court or tribunal will have the power to reduce the scope, duration or geographic area of the term or provision, to delete specific words or phrases or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision. This Section 5.6 will be enforceable as so modified after the expiration of the time within which the judgment may be appealed. This Section 5.6 is reasonable and necessary to protect and preserve Buyer's legitimate business interests and the value of the Assets and to prevent any unfair advantage conferred on Seller.

Section 5.7. Customer and Other Business Relationships. After the Closing, Seller will cooperate with Buyer in its efforts to continue and maintain for the benefit of Buyer those business relationships of Seller existing prior to the Closing and relating to the Business to be operated by Buyer after the Closing, including relationships with lessors, employees, regulatory authorities, licensors, customers, suppliers and others, and Seller will use Best Efforts to satisfy the Retained Liabilities in a manner that is not detrimental to any of such relationships. Seller will refer to Buyer all inquiries relating to such business. Neither Seller nor any of its officers, employees, or agents shall take any action that would tend to diminish the value of the Assets after the Closing or that would interfere with the business of Buyer to be engaged in after the Closing.

Section 5.8. Retention of and Access to Records. After the Closing Date, Buyer shall retain for a period consistent with Buyer's record-retention policies and practices (but for no less than five years) those Records of Seller delivered to Buyer. Buyer also shall provide Seller and its Representatives reasonable access thereto, during normal business hours and on at least three days' prior written notice, to enable them to prepare financial statements, Tax Returns, or deal with Tax audits. Until such time as Seller is dissolved as a corporate entity or three (3) years following the Closing Date, whichever occurs first, Seller shall provide Buyer and its Representatives reasonable access to Records that are related to any of the Excluded Assets, during normal business hours and on at least three (3) days' prior written notice, for any reasonable purpose relating to the Contemplated Transactions, which purpose must be specified by Buyer in such notice.

Section 5.9. Further Assurances. The parties shall cooperate reasonably with each other and with their respective Representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the Contemplated Transactions.

Section 5.10. Conduct of Business Pending the Effective Time. At all times from the execution of this Agreement until the Effective Time, except as set forth in Part 5.10 or as expressly permitted elsewhere in this Agreement, Seller shall conduct the Business in the Ordinary Course of Business and in compliance in all material respects with all applicable Legal Requirements, and use Best Efforts in light of its available cash, to preserve substantially intact the Business and goodwill of its customers and suppliers, keep available the services of its officers and employees and preserve the relationships with those Persons having business dealing with Seller with respect to the Business. Furthermore, except as set forth in Part 5.10 or as expressly permitted elsewhere in this Agreement, Seller agrees not to take any of the following actions without the prior written consent of Buyer:

(a) amend its Governing Documents;

(b) (i) issue, deliver, pledge, transfer, dispose of or encumber any shares of capital stock or other equity or voting interests of Seller or any securities convertible into, exchangeable or exercisable for or representing the right to subscribe for, purchase or otherwise receive any such shares or interests or any stock appreciate rights, "phantom" stock rights, performance units, rights to receive shares of capital stock or other rights that are linked to the value of Seller's common stock or the value of Seller or any part thereof, provided, however, that none of the foregoing shall prohibit the issuance of Seller common stock (i) upon the exercise of valid stock options outstanding as of the date of this Agreement and (ii) in satisfaction of outstanding debt obligations, not to exceed an aggregate of 1,009,083 shares;

(ii) effect any stock split, stock combination, stock reclassification, reverse stock split, stock dividend, recapitalization or other similar transaction;

(c) grant, confer or award any option, right, warrant, deferred stock unit, conversion right or other right not existing on the date hereof to acquire any of its shares capital stock or shares of deferred stock, restricted stock awards, restricted stock units, stock appreciation rights, "phantom" stock awards or other similar rights that are linked to the value of Seller's common stock or the value of Seller or any part thereof (whether or not pursuant to any existing stock plan of Seller);

(d) (i) except to the extent required under existing plans or arrangements, increase any compensation or benefit of, or enter into or amend in any material respect any employment or severance agreement with any of Seller's Representatives;

(ii) grant any bonuses (including grants of bonuses to new hires) to any of Seller's Representatives;

(iii) adopt any new Employee Plan, or amend or modify any existing Employee Plan in any material respect, or accelerate the vesting of any compensation (including equity-based awards) for the benefit of any of Seller's Representatives or grant or amend in any material respect any award under any existing Employee Plans;

(iv) provide any funding for any rabbi trust or similar arrangement, or take any other action to fund or secure the payment of any compensation or benefit;

(v) grant to any of Seller's Representatives any severance, change-in-control, retention, termination or similar compensation or benefits or increases therein;

(vi) hire or otherwise employ any individual other than in the Ordinary Course of Business; or

(vii) terminate any employee other than for cause, including misconduct or breach of Seller policies.

(e) (i) declare, set aside or pay any dividend or make any other distribution or payment (whether in cash, stock or other property or any combination thereof) with respect to any shares of its capital stock or other equity or voting interests, or

(ii) directly or indirectly adjust, recapitalize, reclassify, combine, split, subdivide, redeem, purchase or otherwise acquire any of its shares of capital stock of, or other equity or voting interest in, Seller, or any options, warrants, calls or rights to acquire any such stock or other securities, other than in connection with Tax withholdings and exercise price settlement upon the exercise of any outstanding stock options or the conversion of any Seller restricted stock units outstanding on the date of this Agreement;

(f) (i) transfer, sell, lease, sublease, license, sublicense or otherwise dispose of any material assets or properties of Seller related to the Business; or

(ii) mortgage or pledge any of the property or assets of Seller related to the Business, or subject any such property or assets to any other Encumbrance (except Permitted Encumbrances), other than, in the case of both (i) and (ii), in the Ordinary Course of Business;

(g) except in the Ordinary Course of Business, enter into, or amend or terminate any Seller Contract or any lease or sublease; provided that in no event shall Seller enter into any procurement contracts which require or involve the payment by Seller of more than \$5,000 individually or \$10,000 in the aggregate;

(h) (i) merge with, enter into a consolidation with or otherwise acquire a material portion of the outstanding equity interests in any Person or acquire any portion of the assets or business of any Person (or any division or line of business thereof) ; or

(ii) otherwise acquire (including, through leases, subleases and licenses of real property) any assets, except, in the case of this clause (ii), in the Ordinary Course of Business; provided that no acquisitions that make it more difficult in any material respect to obtain any approval or authorization required in connection with the Contemplated Transactions hereby under any Legal Requirement or that would reasonably be expected to prevent, delay, or impede consummation of the Contemplated Transactions hereby shall be permitted without consent;

(i) create, incur or assume any indebtedness for borrowed money, assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the indebtedness of another Person, enter into any agreement to maintain any financial statement condition of another Person or enter into any arrangement having the economic effect of any of the foregoing;

(j) create, incur or assume any Encumbrance affecting the Assets;

(k) (i) modify, amend, accelerate, terminate or cancel any Seller Contract,

(ii) enter into, amend or modify any agreement or arrangement with Persons that are "affiliates" (as such term is defined in Rule 144 under the Securities Act), or

(iii) enter into, extend or renew any contract which, if executed prior to the date of this Agreement, would have been required to be disclosed pursuant to Section 3.18, other than, in each case, in the Ordinary Course of Business;

(l) enter into, amend or modify any agreement which grants to any Person exclusive supply, manufacturing, production, marketing or distribution rights with respect to any products or technologies related to the Business;

(m) transfer or license on an exclusive basis to any Person any rights to the Intellectual Property Assets;

(n) sell, transfer, lease, license, sublicense, mortgage, pledge, encumber, grant or otherwise dispose of any Intellectual Property Assets or amend or modify in any respect any existing material agreements with respect to any Intellectual Property Assets;

(o) enter into any material agreement with respect to the Intellectual Property Assets or with respect to the intellectual property of any Third Party, other than, in the case of intellectual property of any Third Party, in the Ordinary Course of Business;

(p) authorize, recommend, propose or announce an intention to adopt a plan of complete or partial liquidation or dissolution of Seller;

(q) form any subsidiary;

(r) make any material Tax election or settle or compromise any material Tax Liability, if such election, settlement or compromise would have the effect of increasing the Tax Liability related to the Business for any period;

(s) materially reduce the amount of any insurance coverage provided by the existing insurance policies of Seller;

(t) settle, pay or discharge any litigation, investigation, or arbitration, other than the settlement, payment, discharge or satisfaction thereof in the Ordinary Course of Business as long as the amount paid to settle, pay or discharge such litigation, investigation or arbitration does not exceed \$10,000;

(u) knowingly take or fail to take any action in breach of this Agreement for the purpose of (or which would be reasonably expected to) materially delaying or preventing the Contemplated Transactions (other than as required by Legal Requirements); and

(v) authorize any of, or commit, resolve, offer, agree or announce an intention to take any of, the foregoing actions or any other action inconsistent with the foregoing.

Section 5.11. Seller Stockholders' Approval.

(a) Seller shall, in accordance with applicable Legal Requirements and Seller's Governing Documents, take all action necessary to solicit a vote or written consent on a proposal to adopt and approve this Agreement and the Contemplated Transactions as soon as practicable following the date of this Agreement and in no event later than fifteen (15) days (or such other later date which the parties may agree upon in writing) after the date of this Agreement.

(b) the board of directors of Seller shall recommend that Seller Stockholders adopt and approve this Agreement, and Seller shall use its Best Efforts to obtain the Seller Stockholder Approval.

Section 5.12. Third Party Consents and Regulatory Approvals. Subject to the terms and conditions of this Agreement, each of Buyer and Seller will use its Best Efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under this Agreement and applicable Legal Requirements to consummate the Contemplated Transactions as soon as practicable after the date hereof, including:

(i) preparing and filing, in consultation with the other party and as promptly as practicable and advisable after the date hereof, all documentation to effect all necessary applications, notices, petitions, filings, and other documents and to obtain as promptly as practicable all consents, clearances, waivers, licenses, orders, registrations, approvals, permits, Tax rulings and authorizations necessary to be obtained from any third party or any Governmental Body in order to consummate the Contemplated Transactions; and

(ii) taking all reasonable steps as may be necessary to obtain all such material consents, clearances, waivers, licenses, registrations, permits, authorizations, Tax rulings, orders and approvals.

Section 5.13. Non-Solicitation.

(a) Upon execution of this Agreement, Seller shall and shall cause its Representatives to cease immediately and cause to be terminated any and all existing activities, discussions or negotiations with any Person conducted heretofore with respect to, or that may reasonably be expected to lead to, an Acquisition Proposal. Seller shall promptly after the date of this Agreement instruct each Person which has heretofore executed a confidentiality agreement relating to an Acquisition Proposal with or for the benefit of Seller to promptly return or destroy all information, documents, and materials relating to the Acquisition Proposal or to Seller or its businesses, operations or affairs heretofore furnished by Seller or any of its Representatives to such Person or any of its Representatives in accordance with the terms of any confidentiality agreement with such Person.

(b) Seller agrees that it shall not, and that it shall cause its Representatives not to, directly or indirectly, (i) initiate, solicit, or knowingly encourage or knowingly facilitate the submission of any inquiry, indication of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal, (ii) participate in any discussions or negotiations regarding, or furnish any non-public information to any Person (other than Buyer) in connection with, an Acquisition Proposal, (iii) enter into any letter of intent or agreement related to

an Acquisition Proposal (other than a confidentiality agreement as contemplated by Section 5.15(c)), or (iv) approve or recommend an Acquisition Proposal.

(c) For purposes of this Agreement, “Acquisition Proposal” means any inquiry, indication of interest, proposal or offer for any transaction or series of related transactions involving (i) a merger, tender offer, recapitalization, reorganization, liquidation, dissolution, business combination or consolidation, or any similar transaction, involving Seller or the Business, (ii) a sale, lease, license, exchange, mortgage, pledge, transfer or other acquisition of assets that constitute at least 10% of the Assets, taken as a whole, or (iii) a purchase or other acquisition (including by way of merger, consolidation, stock exchange or otherwise) of beneficial ownership (the term “beneficial ownership” for purposes of this Agreement having the meaning assigned thereto in Section 13(d) of the Exchange Act and the rules and regulations thereunder) of securities representing 10% or more of the voting power of Seller; provided, however, that the term “Acquisition Proposal” shall not include the Contemplated Transactions.

Section 5.14. Alternate Name Designation. On or before the Closing Date, Seller shall deliver a certificate to Buyer from the appropriate Governmental Body evidencing the termination of Seller’s name as “McNetwork, Inc.” and shall cooperate with Buyer to secure such name designation for Buyer’s use.

ARTICLE VI INDEMNIFICATION; REMEDIES

Section 6.1. Survival. Unless otherwise explicitly set forth in this Agreement, all representations and warranties, in this Agreement, the Disclosure Letter, the certificates delivered pursuant to Section 2.6 and any other certificate or document delivered pursuant to this Agreement shall be accurate as of the date of such certificate or document and as of the Closing date. All covenants and obligations in this Agreement and any other document delivered pursuant to this Agreement shall survive the Closing for the period set forth within such covenants and obligations. No party may bring a claim under this Article VI for any Breach of any representation or warranty made in this Agreement after the first anniversary of the Closing Date. No party may bring a claim under this Article VI for any Breach of any covenant or obligation under this Agreement after the first anniversary of the date on which such covenant expired or such obligation was to be performed. The parties expressly intend to limit the statute of limitations that may otherwise be applicable to a cause of action under this Agreement, other than fraud. The right to indemnification, reimbursement or other remedy based upon such representations, warranties, covenants and obligations shall not be affected by any investigation conducted with respect to, or any Knowledge acquired (or capable of being acquired) at any time, whether before or after the Closing Date, with respect to the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant or obligation. The waiver of any condition based upon the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification, reimbursement or other remedy based upon such representations, warranties, covenants and obligations.

Section 6.2. Indemnification and Reimbursement by Seller. Seller will indemnify and hold harmless Buyer, and its employees, directors, Representatives, stockholders and subsidiaries (collectively, the “Buyer Indemnified Persons”), and will reimburse Buyer Indemnified Persons for any loss, liability, claim, damage, expense (including costs of investigation and defense and reasonable attorneys’ fees and expenses), whether or not involving a Third-Party Claim (collectively, “Damages”), arising from or in connection with:

(a) any Breach of any representation or warranty made by Seller in (i) this Agreement, (ii) the Disclosure Letter, (iii) Seller’s Closing Documents delivered pursuant to Section 2.6, (iv) any transfer instrument or (v) any other certificate, document, writing or instrument delivered by Seller pursuant to this Agreement;

(b) any Breach of any covenant or obligation of Seller in this Agreement or in any other certificate, document, writing or instrument delivered by Seller pursuant to this Agreement;

(c) any Liability arising out of the ownership or operation of the Assets prior to the Closing Date other than the Assumed Liabilities;

(d) any amount representing fees and expenses or other costs attributable to Seller arising out of or in connection with the Contemplated Transactions;

(e) any litigation pending or threatened on the Closing Date against Seller; or

(f) any Retained Liabilities.

Notwithstanding anything to the contrary set forth in this Agreement, the sole recourse for the indemnification provided in this Article VI shall, absent fraud or willful misconduct, be to reclaim shares out of the Indemnification Escrow as provided herein and pursuant to the Escrow Agreement, and such cancellation of shares shall be the exclusive remedy available to the Buyer Indemnified Persons arising from or relating to any of the Contemplated Transactions, including (without limitation) in respect of any breach of or noncompliance with any provision of this Agreement by Seller or its Representatives.

Section 6.3. Indemnification and Reimbursement by Buyer. Buyer will indemnify and hold harmless Seller, Seller Stockholders, the Stockholder Representative and the Earnout Representative (collectively, the “Seller Parties”), and will reimburse Seller Parties, for any Damages arising from or in connection with:

(a) any Breach of any representation or warranty made by Buyer in this Agreement or in any certificate, document, writing or instrument delivered by Buyer pursuant to this Agreement;

(b) any Breach of any covenant or obligation of Buyer in this Agreement or in any other certificate, document, writing or instrument delivered by Buyer pursuant to this Agreement;

(c) any Liability arising out of the ownership or operation of the Assets after the Closing Date other than the Retained Liabilities; or

(d) any Assumed Liabilities.

Section 6.4. Indemnification Escrow. The stock certificates comprising the Indemnification Escrow shall be held by Escrow Agent, for the benefit of Seller Stockholders (or Seller if required under Section 368(a)(1)(C) of the Code) (but subject to any claims of Buyer asserted pursuant to Section 6.2 and any adjustment to the Aggregate Share Consideration contemplated by Section 2.3(b)) in accordance with an Escrow Agreement to be agreed upon prior to the Closing and then attached hereto as Exhibit 6.4 (the “Escrow Agreement”). The Indemnification Escrow shall be the sole source available to compensate Buyer pursuant to the indemnification obligations of Seller, absent fraud or willful misconduct, and for the Aggregate Share Consideration adjustment contemplated by Section 2.3(b). During such time as the Indemnification Escrow is retained in the custody of Escrow Agent the applicable Seller Stockholders shall, nevertheless be entitled to vote their respective Indemnification Escrow shares, and shall be entitled to the consideration exchanged for such Indemnification Escrow shares in the event of an acquisition of such Indemnification Escrow shares by a Third Party.

Section 6.5. Escrow Period; Release From Escrow

(a) The period in which the Indemnification Escrow is held shall terminate upon the one (1) year anniversary of the Closing Date (the “Escrow Period”); provided, however, that a portion of the Indemnification Escrow that is necessary to satisfy any unsatisfied claims specified in any Officer’s Certificate (as defined in Section 6.6) delivered to the Escrow Agent prior to termination of the applicable Escrow Period with respect to facts and circumstances existing prior to expiration of the applicable Escrow Period, shall remain deposited with the Escrow Agent until such claims have been resolved.

(b) Within three (3) Business Days after the end of the Escrow Period (the “Release Date”), the Escrow Agent shall release and deliver to the applicable Seller Stockholders the certificates comprising the Indemnification Escrow, less the number of shares necessary to cover any Damages described in an Officer’s Certificate delivered in accordance with Section 6.5(a) with respect to any pending but unresolved indemnification claims, valued at the Spindle Average Price as of the last day of the Escrow Period. Any shares held back as a result of the preceding

sentence shall be released to the Seller Stockholders or cancelled on the stock Records of Buyer (as appropriate) promptly upon resolution of each specific indemnification claim involved.

Section 6.6. Claims Upon Indemnification Escrow. Upon receipt by the Escrow Agent on or before the Release Date of a certificate signed by any officer of Buyer (an "Officer's Certificate") stating that Damages are alleged to exist with respect to the indemnification obligations of Seller set forth in Section 6.2 and specifying in reasonable detail the individual items of such Damages or costs included in the amount so stated, the date each such item was paid, or properly accrued or arose, and the nature of the misrepresentation, breach of warranty, covenant, claim or cost to which such item is related, the Escrow Agent shall, subject to the provisions of this Article VI, in its capacity as transfer agent of Buyer, cancel, as promptly as practicable, shares of out of the Indemnification Escrow, on a pro rata basis, having a value, at the Spindle Average Price as of the delivery date of such Officer's Certificate, equal to such Damages or costs. The presentation of any Officer's Certificate with respect to any indemnification obligation under Section 6.2 shall not limit the right of Buyer to submit one or more additional Officer's Certificates with respect to the same or any other indemnification obligation.

Section 6.7. Objections to Claims.

(a) At the time of delivery of any Officer's Certificate to the Escrow Agent, Buyer shall deliver a duplicate copy of such Officer's Certificate to the Stockholder Representative. For a period of 30 days after such delivery, the Escrow Agent shall make no cancellation of the Indemnification Escrow pursuant to Section 6.6 unless the Escrow Agent shall have received written authorization from the Stockholder Representative to make such delivery. After the expiration of such 30 day period, the Escrow Agent shall, in its capacity as transfer agent of Buyer, cancel on the stock Records of Buyer the applicable portion of the Indemnification Escrow in accordance with Section 6.6, provided that no such cancellation may be made if the Stockholder Representative shall object in a written statement to the claim made in the Officer's Certificate, and such statement shall have been delivered to the Escrow Agent and to Buyer prior to the expiration of such 30-day period.

(b) In case the Stockholder Representative shall so object in writing to any claim or claims by Buyer made in any Officer's Certificate, Buyer shall have 30 days to respond in a written statement to the objection of the Stockholder Representative. If after such 30-day period there remains a dispute as to any claims, the Stockholder Representative and Buyer shall attempt in good faith for 60 days to agree upon the rights of the respective parties with respect to each of such claims. If the Stockholder Representative and Buyer should so agree, a memorandum setting forth such agreement shall be prepared and signed by both parties and, if applicable, shall be furnished to the Escrow Agent. The Escrow Agent shall be entitled to rely on any such memorandum and shall release or cancel, as the case may be, such portion of the Indemnification Escrow in accordance with the terms thereof.

(c) If no agreement can be reached after good faith negotiation between the parties pursuant to Section 6.7(b), then the Escrow Agent will release or cancel, as the case may be, the disputed portion of the Indemnification Escrow, only:

(i) in accordance with joint written instructions of Buyer and the Stockholder Representative; or

(ii) in accordance with a final, non-appealable order of a court of competent jurisdiction (a "Final Decision"). Any Final Decision will be accompanied by a legal opinion of counsel for the presenting party satisfactory to the Escrow Agent to the effect that the order is final and non-appealable. The Escrow Agent will act on such court order and legal opinion without further question.

Section 6.8. Third Party Claims Where Buyer Potentially Indemnified. In the event Buyer becomes aware of a Third-Party Claim or Damages which Buyer believes may result in a demand against the Indemnification Escrow or a claim for Damages pursuant to the indemnification provisions of Section 6.2 hereof, Buyer shall notify Seller of such claim. Buyer shall have the right to settle any such claim with the consent of the Stockholder Representative which shall not be unreasonably withheld so long as Seller, the Seller Stockholders and the Stockholder Representative will be fully released from such claim in connection with such settlement. In the event that Seller has consented to any such settlement, Seller shall have no power or authority to object under Section 6.7 or any other provision of this Article VI to the amount of any claim by Buyer against the Indemnification Escrow for indemnity with respect to such settlement. The following procedures shall apply to this Section 6.8:

(a) If within 30 days after receiving such notice, Seller gives written notice to Buyer stating it intends to defend against such claim or Damages at its own cost and expense, the defense (including the right to settle or compromise such action, subject to the consent of Buyer, which consent shall not be unreasonably withheld) of such matter, including selection of counsel (subject to the consent of Buyer, which consent shall not be unreasonably withheld) and the sole power to direct and control such defense, shall be by Seller and Seller shall make no payment in respect of such claim or Damages to any Third Party as long as Seller is conducting a good faith and diligent defense. In any such defense, Seller will consult with Buyer in connection with Seller's defense, and Buyer shall make available all information and assistance that Seller may reasonably request and shall cooperate with Seller in such defense.

(b) In any such proceeding, Buyer shall have the right to retain its own counsel, and will pay the fees and expenses of such counsel, unless: (i) Seller and Buyer shall have mutually agreed to the contrary; (ii) Seller has failed within a reasonable time to retain counsel; or (iii) the named parties in any such proceeding (including any impleaded parties) include both Buyer and Seller and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. In any case specified in clauses (i), (ii) or (iii) of the preceding sentence, Seller will bear the fees and expenses of counsel retained by Buyer, it being understood that Seller shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for fees and expenses of more than one separate firm (in addition to any local counsel) for Buyer, and that all such fees and expenses shall be reimbursed by Seller as they are incurred. Any such separate counsel for which Buyer claims it is entitled to have Seller bear fees and expenses shall be designated in writing by Buyer. If in any such proceeding there shall be a settlement or final judgment for the plaintiff, Seller agrees to indemnify Buyer from and against any loss or liability by reason of such settlement or judgment, provided that if the proceeding is resolved by settlement, Seller has consented in writing to the settlement, which consent will not be unreasonably withheld. Notwithstanding the foregoing, if at any time Buyer shall have requested Seller to reimburse Buyer for fees and expenses of counsel as contemplated in this Section 6.8(b), Seller agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (x) such settlement is entered into more than 30 days after receipt by Seller of the request for reimbursement; and (y) Seller shall not have reimbursed Buyer in accordance with such request (other than due to a reasonable dispute as to the validity of such request) prior to the date of settlement.

(c) If no notice of intent to dispute and defend is given by Seller under Section 6.8(a), or if Seller fails or ceases to conduct a diligent good faith defense, Buyer shall, at the expense of Seller, undertake the defense of such claim or Damages with counsel selected by Buyer, and shall have the right to compromise or settle the same exercising reasonable business judgment.

Section 6.9. Third Party Claims Where Seller Parties Potentially Indemnified. In the event any Seller Party becomes aware of a Third-Party Claim or Damages which is believed may result in a claim for Damages pursuant to the indemnification provisions of Section 6.3 hereof, the Stockholder Representative shall notify Buyer of such claim. The Seller Parties shall have the right to settle any such claim with the consent of Buyer which shall not be unreasonably withheld so long as Buyer and its Representatives will be fully released from such claim in connection with such settlement. The following procedures shall apply to this Section 6.9:

(a) If within 30 days after receiving such notice, Buyer gives written notice to the Seller Parties stating it intends to defend against such claim or Damages at its own cost and expense, the defense (including the right to settle or compromise such action, subject to the consent of the Seller Parties, which consent shall not be unreasonably withheld) of such matter, including selection of counsel (subject to the consent of the Seller Parties, which consent shall not be unreasonably withheld) and the sole power to direct and control such defense, shall be by Buyer and Buyer shall make no payment in respect of such claim or Damages to any Third Party as long as Buyer is conducting a good faith and diligent defense. In any such defense, Buyer will consult with the Seller Parties in connection with Buyer's defense, and the Seller Parties shall make available all information and assistance that Buyer may reasonably request and shall cooperate with Seller in such defense.

(b) In any such proceeding, the Seller Parties shall have the right to retain its/their own counsel, and will pay the fees and expenses of such counsel, unless: (i) the Seller Parties and Buyer shall have mutually agreed to the contrary; (ii) Buyer has failed within a reasonable time to retain counsel; or (iii) the named parties in any such proceeding (including any impleaded parties) include both Buyer and the Seller Parties and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. In any case specified in clauses (i), (ii) or (iii) of the preceding sentence, Buyer will bear the fees and expenses of counsel retained by the Seller Parties, it being understood that Buyer shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for fees and expenses of more than one separate firm (in addition to any local counsel) for the Seller Parties, and that all such fees and expenses shall be reimbursed by Buyer as they are incurred. Any such separate counsel for which any Seller Party claims it is entitled to have Buyer bear fees and expenses shall be designated in writing by the Seller Parties. If in any such proceeding there shall be a settlement or final judgment for the plaintiff, Buyer agrees to indemnify the Seller Parties from and against any loss or liability by reason of such settlement or judgment, provided that if the proceeding is resolved by settlement, Buyer has consented in writing to the settlement, which consent will not be unreasonably withheld. Notwithstanding the foregoing, if at any time the Seller Parties shall have requested Buyer to reimburse the Seller Parties for fees and expenses of counsel as contemplated in this Section 6.9(b), Buyer agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (x) such settlement is entered into more than 30 days after receipt by Buyer of the request for reimbursement; and (y) Buyer shall not have reimbursed the Seller Parties in accordance with such request (other than due to a reasonable dispute as to the validity of such request) prior to the date of settlement.

(c) If no notice of intent to dispute and defend is given by Buyer under Section 6.9(a), or if Buyer fails or ceases to conduct a diligent good faith defense, the Seller Parties shall, at the expense of the Seller Parties, undertake the defense of such claim or Damages with counsel selected by the Seller Parties, and shall have the right to compromise or settle the same exercising reasonable business judgment.

ARTICLE VII CONFIDENTIALITY

Section 7.1. Definition of Confidential Information. As used in this Article VII, the term “Confidential Information” means any and all of the following information of Seller or Buyer that has been or may hereafter be disclosed in any form, whether in writing, orally, electronically or otherwise, or otherwise made available by observation, inspection or otherwise by either party (Buyer, on the one hand, or Seller, on the other hand) or its Representatives (collectively, a “Disclosing Party”) to the other party or its Representatives (collectively, a “Receiving Party”): (i) all information that is a trade secret under applicable trade secret or other law; (ii) all information concerning product specifications, data, know-how, formulae, compositions, processes, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas, past, current and planned research and development, current and planned manufacturing or distribution methods and processes, customer lists, current and anticipated customer requirements, price lists, market studies, business plans, computer hardware, Software and computer software and database technologies, systems, structures and architectures; (iii) all information concerning the business and affairs of the Disclosing Party (which includes historical and current financial statements, financial projections and budgets, Tax Returns and accountants’ materials, historical, current and projected sales, capital spending budgets and plans, business plans, strategic plans, marketing and advertising plans, publications, client and customer lists and files, contracts, the names and backgrounds of key personnel and personnel training techniques and materials, however documented), and all information obtained from review of the Disclosing Party’s documents or property or discussions with the Disclosing Party regardless of the form of the communication; (iv) all notes, analyses, compilations, studies, summaries and other material prepared by the Receiving Party to the extent containing or based, in whole or in part, upon any information included in the foregoing; and (v) the existence of this Agreement or any of the terms of this Agreement or the Contemplated Transactions.

Section 7.2. Restricted Use of Confidential Information. Each Receiving Party acknowledges the confidential and proprietary nature of the Confidential Information of the Disclosing Party and agrees that such Confidential Information (i) shall be kept confidential by the Receiving Party; (ii) shall not be used for any reason or purpose other than to consummate the Contemplated Transactions; and (iii) without limiting the foregoing, shall not be disclosed by the Receiving Party to any Person, except in each case as otherwise expressly permitted by the terms of this Agreement or with the prior written consent of the Disclosing Party. From and after the Closing, the provisions of this Article VII shall not apply to or restrict in any manner Buyer's use of any Confidential Information of Seller relating to any of the Assets or the Assumed Liabilities. Notwithstanding the foregoing, the Receiving Party may disclose Confidential Information to the Receiving Party's attorneys and accountants.

Section 7.3. Exceptions. Notwithstanding Section 7.1 above, Confidential Information shall not include any information which (i) was publicly known and made generally available in the public domain prior to the time of disclosure by the Company; (ii) becomes publicly known and made generally available after disclosure by the Company to the Receiving Party through no action or inaction of the Receiving Party; (iii) is already in the possession of the Receiving Party at the time of disclosure by the Company as shown by the Receiving Party's files and records immediately prior to the time of disclosure; (iv) is obtained by the Receiving Party from a Third Party without a breach of such third party's obligations of confidentiality; (v) is required by law to be disclosed by the Receiving Party, provided that the Receiving Party gives the Company prompt written notice of such requirement prior to such disclosure and assistance in obtaining an order protecting the information from public disclosure.

ARTICLE VIII TERMINATION

Section 8.1 Termination. This Agreement may be terminated and the Contemplated Transactions may be abandoned at any time prior to the Effective Time, whether before or after Seller Stockholder Approval:

(a) by mutual written consent of Seller and Buyer;

(b) by either Buyer or Seller if any Governmental Authority of competent jurisdiction shall have issued a final and non-appealable order, decree, judgment, injunction or ruling or taken any other action enjoining, restraining or otherwise prohibiting the consummation of the Contemplated Transactions; provided that the party seeking to terminate this Agreement shall have used its Best Efforts to have such order, decree, judgment, injunction or ruling lifted if and to the extent required by Section 5.13;

(c) by either Buyer or Seller if the Contemplated Transactions shall not have been consummated on or before March 15, 2013 (the "Termination Date"); provided, however, that the right to terminate this Agreement under this Section 8.1(c) shall not be available to any party if such party failed in any material respect to perform any of its obligations under this Agreement or otherwise violated this Agreement in any material respect;

(d) by Buyer, in the event that Seller shall have (i) failed to receive Seller Stockholder Approval, (ii) had an order, injunction, judgment, ruling or decree, or other legal restraint or prohibition issued by any court of competent jurisdiction, or Governmental Body preventing the consummation of the Agreement and the Contemplated Transactions, (iii) breached or failed to perform in any material respect any of its covenants or obligations required to be performed by it under this Agreement or (iv) materially breached any representation or warranty contained herein, or if a representation or warranty of Seller shall have become untrue, which has not been cured within fifteen (15) calendar days following notice by Buyer, or if the Termination Date is less than fifteen (15) calendar days from the notice by Buyer, has not been or cannot reasonably be expected to be cured by the Termination Date; provided that Buyer is not in material breach of any representation, warranty or covenant contained in this Agreement;

(e) by Seller, in the event that Buyer shall have (i) breached or failed to perform in any material respect any of its covenants or obligations required to be performed by it under this Agreement or (ii) materially breached any of its representations or warranties, in either case which breach or failure would reasonably be expected to prevent or materially delay the consummation of the Contemplated Transactions and is either incurable or, if curable, is not cured by Buyer within fifteen (15) calendar days following notice by Seller or, if the Termination Date is less than fifteen (15) calendar days from the notice by Seller, has not been or cannot reasonably be expected to be cured by

the Termination Date; provided at the time of the delivery of such written notice Seller is not in material breach of any representation, warranty or covenant contained in this Agreement;

(f) by either Buyer or Seller if Seller shall have failed to obtain Seller Stockholder Approval prior to the Termination Date; or

(g) by Buyer upon written notice to Seller in the event Buyer determines that it is not satisfied, in its sole discretion, with the results of its due diligence review of Seller.

(h) upon written notice by Buyer to Seller if any investment banking firm engaged by Buyer disapproves the Contemplated Transactions.

Section 8.2 Effect of Termination. In the event of a termination and abandonment of this Agreement by either Buyer or Seller as provided in Section 8.1, this Agreement shall immediately become void and have no effect, and none of Buyer, Seller, any of their respective Representatives shall have any liability or obligation of any nature whatsoever hereunder, or in connection with the Contemplated Transactions, except that such obligations of the parties specifically intended to be performed after the termination of this Agreement shall survive any termination of this Agreement. Notwithstanding the foregoing, neither of Buyer or Seller shall be relieved or released from any liabilities or damages (which the parties acknowledge and agree shall not be limited to reimbursement of expenses or out-of-pocket costs, and may include to the extent proven the benefit of the bargain lost by such party or such party's stockholders) arising out of its intentional breach of any provision of this Agreement or any other agreement delivered in connection herewith, or any fraud and provided further, that in circumstances where Seller or Buyer is obligated to consummate the Contemplated Transactions, the failure by such party to consummate the Contemplated Transactions in accordance with the provisions hereof shall be deemed an intentional breach by such party of this Agreement.

ARTICLE IX GENERAL PROVISIONS

Section 9.1. Expenses. Each party to this Agreement will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement and the Contemplated Transactions, including all fees and expenses of its Representatives.

Section 9.2. Public Announcements. Any public announcement, press release or similar publicity with respect to this Agreement or the Contemplated Transactions will be issued, if at all, at such time and in such manner as Buyer determines, provided that it is understood and agreed that Buyer and Seller shall consult with each other in good faith regarding the content and form of any press release or other announcement or disclosure relating to the Contemplated Transactions.

Section 9.3. Notices. All notices, Consents, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile with confirmation of transmission by the transmitting equipment; or (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses or facsimile numbers and marked to the attention of the person (by name or title) designated below (or to such other address or facsimile number or person as a party may designate by notice to the other parties):

Seller:

MeNetwork, Inc.
4800 Baseline Road
Suite E104-303
Boulder, CO 80303
Attn: Mike Corbisiero, President and CEO

With a copy to:

Mosaic Legal Group, PLLC
5185 MacArthur Boulevard
NW Suite 350
Washington, DC 20016
Fax: (202) 600-2261
Attn: Scott Brown

Buyer:

Spindle, Inc.
18835 North Thompson Peak Parkway
Scottsdale, AZ 85255
Fax: (888) 725-0613
Attn: William Clark, President

With a copy to:

Richardson & Patel, LLP
The Chrysler Building
405 Lexington Ave., 49th Floor
New York, NY 10174
Fax: (917) 591-6898
Attn: Kevin Friedmann, Esq.

Section 9.4. Jurisdiction; Venue. Any Proceeding arising out of or relating to this Agreement or any Contemplated Transaction may be brought in the state or federal courts located in the Borough of Manhattan, City of New York, New York and each of the parties irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of the Proceeding shall be heard and determined only in any such court and agrees not to bring any Proceeding arising out of or relating to this Agreement or any Contemplated Transaction in any other court.

Section 9.5. Enforcement of Agreement. Each party hereto acknowledges and agrees that the other party would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any Breach of this Agreement by either party could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which each party may be entitled, at law or in equity, it shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent Breaches or threatened Breaches of any of the provisions of this Agreement, without posting any bond or other undertaking.

Section 9.6. Waiver; Extension; Remedies Cumulative. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither any failure nor any delay by any party in exercising any right, power or privilege under this Agreement or any of the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. At any time prior to the Effective Time, the parties hereto may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto, and (c) waive compliance with any of the agreements or conditions contained herein; provided, however, that after the approval and adoption of this Agreement by Seller Stockholders, no extension or waiver of this Agreement or any portion thereof shall be made which by any Legal Requirement requires further approval of the stockholders of Seller without obtaining such approval. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party, but such extension or waiver or

failure or delay to insist on strict compliance with an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 9.7. Entire Agreement and Modification. This Agreement supersedes all prior agreements, whether written or oral, between the parties with respect to its subject matter (including any letter of intent and any confidentiality agreement between Buyer and Seller) and constitutes (along with the Disclosure Letter, Exhibits and other documents delivered pursuant to this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended, supplemented, or otherwise modified except by a written agreement executed by the party to be charged with the amendment; provided, however, that after approval and adoption of this Agreement by Seller Stockholders, no amendment of this Agreement shall be made which by Legal Requirement requires further approval by the stockholders of Seller without obtaining such approval.

Section 9.8. Disclosure Letter.

(a) The information in the Disclosure Letter constitutes (i) exceptions to particular representations, warranties, covenants and obligations of Seller as set forth in this Agreement or (ii) descriptions or lists of assets and liabilities and other items referred to in this Agreement. If there is any inconsistency between the statements in this Agreement and those in the Disclosure Letter (other than an exception expressly set forth as such in the Disclosure Letter with respect to a specifically identified representation or warranty), the statements in this Agreement will control.

(b) The statements in the Disclosure Letter relate only to the provisions in the Section of this Agreement to which they expressly relate and not to any other provision in this Agreement.

(c) Any disclosures contained in the Disclosure Letter which refer to a document are qualified in their entirety by reference to the text of such document, a true and complete copy of which has been included in the due diligence information supplied to Buyer.

(d) Seller may amend or supplement the Disclosure Letter and schedules of this Agreement prior to the Closing, provided that Buyer may reject, in its sole discretion, any such supplements or amendments to the Disclosure Letter or schedules and thereupon exercise its termination right under Section 8.1(g) unless Seller withdraws such proposed supplement or amendment.

Section 9.9. Assignments, Successors and No Third-Party Rights. No party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to a successor or permitted assignee pursuant to this Section 9.9.

Section 9.10. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

Section 9.11. Construction. The headings of Articles and Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Articles," "Sections" and "Parts" refer to the corresponding Articles, Sections and Parts of this Agreement and the Disclosure Letter.

Section 9.12. Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

Section 9.13. Governing Law. This Agreement will be governed by and construed under the laws of the State of Delaware without regard to conflicts-of-laws principles that would require the application of any other law.

Section 9.14. Execution of Agreement. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile or email transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or email shall be deemed to be their original signatures for all purposes.

Section 9.15. Construction. This Agreement was negotiated by the parties with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party shall not apply to any construction or interpretation hereof.

ARTICLE X STOCKHOLDER REPRESENTATIVE

Section 10.1. Appointment. To efficiently administer Seller's post-Closing obligations and rights under this Agreement, including the defense and/or settlement of any claims for indemnity by Buyer pursuant to Article VI, Ashton Craig Page is hereby appointed to serve as the representative of the Seller Stockholders (the "Stockholder Representative"). The Stockholder Representatives shall have full power and authority to make all decisions relating to the defense and/or settlement of any claims for which Buyer may claim to be entitled to indemnity pursuant to Article VI, all decisions and actions relating to any adjustment to the Aggregate Share Consideration or Aggregate Share Consideration and otherwise to act on behalf of the Seller Stockholders in all respects with respect to this Agreement, including, without limitation, the amendment or termination of such agreements. All decisions and actions by the Stockholder Representative shall be binding upon all the Seller Stockholders, and no Seller Stockholders shall have the right to object to, dissent from, protest or otherwise contest the same. In the event of the death, incapacity or resignation of the Stockholder Representative, the Seller Stockholders holding a majority of the voting capital stock of Seller immediately prior to the Effective Time (the "Majority Stockholders") shall promptly appoint a substitute Stockholder Representative; provided, however, in no event shall a Stockholder Representative resign without the Majority Stockholders having first appointed a substitute Stockholder Representative who shall assume such duties immediately upon the resignation of such Stockholder Representative. From and after such time when Seller dissolves itself as a corporation and continuing until the first anniversary of the Closing (or such longer time as any portion of the Indemnification Escrow remains deposited with the Escrow Agent in accordance with Section 6.5), the Stockholder Representative shall be authorized and obligated to act on behalf of Seller in order to fulfill all of Seller's covenants set forth in Article V (other than Section 5.7) that survive the Closing, including without limitation, Section 5.10. By his signature below, the Stockholder Representative agrees to fulfill such obligation for the period specified.

Section 10.2. Decisions Final. Buyer shall have no right to object to, protest or otherwise contest any matter related to the procedures for action being taken by the Stockholder Representative as between the Stockholder Representative and the Seller Stockholders. Buyer hereby waives any claims it may have or assert, including those that may arise in the future, against any Stockholder Representative or any of his affiliates (other than Seller) that relate to such Stockholder Representative's role as such, including any claims for any action or inaction taken or not taken by the Stockholder Representative in connection herewith.

Section 10.3. Binding Relationship. Each Seller Stockholder that accepts payment of consideration in respect of this Agreement shall be deemed, by such acceptance of payment, to have agreed that (i) the provisions of this Article X are independent and severable, are irrevocable and coupled with an interest and shall be enforceable notwithstanding any rights or remedies such Seller Stockholder may have in connection with the transactions contemplated by this Agreement, (ii) the remedy at law for any breach of the provisions of this Article X would be inadequate, (iii) such Seller Stockholder shall be entitled to temporary and permanent injunctive relief without the necessity of proving damages if such Seller Stockholder brings an action to enforce the provisions of this Article X and (iv) the provisions of Article X shall be binding upon such Seller Stockholder and the successors and assigns of such Seller Stockholder. In addition, each Seller Stockholder that accepts payment of consideration in respect of this Agreement shall be deemed, by such acceptance of payment, to:

(a) have waived any claims he, she or it may have or assert, including those that may arise in the future, against any Stockholder Representative and any of his affiliates, for any action or inaction taken or not taken by the Stockholder Representative in connection therewith; and

(b) have agreed to his or her portion, if any, of the Indemnification Escrow be paid by Buyer to the Escrow Agent and disbursed by the Escrow Agent in accordance with the operative agreement governing the escrow.

Section 10.4. Notices. Any notice or communication delivered by Buyer to the Stockholder Representative shall, as between Buyer, on the one hand, and the Seller Stockholders, on the other hand, be deemed to have been delivered to all Seller Stockholders. Buyer shall be entitled to rely exclusively upon any communication or writings given or executed by the Stockholder Representative in connection with any claims for indemnity and shall not be liable in any manner whatsoever for any action taken or not taken in reliance upon the actions taken or not taken or communications or writings given or executed by the Stockholder Representative. Buyer shall be entitled to disregard any notices or communications given or made by the Seller Stockholders (other than the Stockholder Representative, if applicable) in connection with any claims for indemnity unless given or made through the Stockholder Representative.

Section 10.5. Stockholder Representative Expenses. In the event that the Stockholder Representative determines to hire or retain any attorneys, accountants or other subject matter experts or to incur any third party costs or expenses in connection with any dispute resolution process on the Seller Stockholders' behalf, all such fees, costs and expenses shall be the sole responsibility of the Seller. Further, all fees, costs, expenses or other liabilities payable by Seller or the Stockholder Representative to the Escrow Agent in accordance with the Escrow Agreement (including, without limitation, pursuant to any indemnity for the benefit of the Escrow Agent thereunder) shall be the sole responsibility of the Seller. In the event that any travel by the Stockholder Representative or his agents is reasonably required in connection with the performance of his obligations under this Agreement or the Stockholder Representative directly pays any costs or expenses for which he is entitled to reimbursement, the Stockholder Representative shall be reimbursed for all such reasonable expenses in the same manner as if such expenses were third party expenses under the terms set forth herein. On the initial Release Date, or such later date when all indemnification claims made by Buyer pursuant to Article VI hereof shall have been finally resolved in accordance therewith, the Stockholder Representative shall have the right to recover reasonable expenses incurred by the Stockholder Representative in connection herewith by receiving shares out of the portion of the Indemnification Escrow to be released upon the initial Release Date valued at the Spindle Average Price as of such date, following any distribution thereof to Buyer, but prior to any distribution thereof to Seller Stockholders, and prior to any such distribution, shall deliver to the Escrow Agent a certificate setting forth the Stockholder Representative expenses actually incurred.

Section 10.6 Limitation of Liability. In addition to all the protections and rights granted to the Stockholder Representative in Article VI hereof, to the maximum extent permissible by applicable law, the Stockholder Representative (and any successor to the Stockholder Representative) will incur no personal liability to Buyer, Buyer Indemnified Parties, Seller or Seller Stockholders with respect to any action or inaction taken or failed to be taken in connection with his services as the Stockholder Representative, except with respect to his own willful misconduct, gross negligence or bad faith. The Stockholder Representative may rely in good faith conclusively upon information, reports, statements and opinions prepared by professionals hired or retained by the Stockholder Representative.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Asset Purchase Agreement as of the date first written above.

BUYER:

Spindle, Inc.

By: /s/ William Clark
William Clark
President

SELLER:

MeNetwork, Inc.

By: /s/ J. Michael Corbisiero
J. Michael Corbisiero
President and Chief Executive Officer

ACKNOWLEDGED AND AGREED SOLELY FOR PURPOSES OF ARTICLE X BY:

STOCKHOLDER REPRESENTATIVE

/s/ Ashton Craig Page
Ashton Craig Page

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
and Securities and Exchange Commission Release 34-46427

I, William Clark, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spindle, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 30, 2013

/s/ William Clark
William Clark
Chief Executive Officer
Principal Executive Officer
Principal Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Spindle, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Clark, acting in the capacity as the Principal Executive Officer and Principal Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ William Clark

William Clark
Chief Executive Officer
Principal Executive Officer
Principal Financial Officer

August 30, 2013