

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): **December 20, 2004**

Black Box Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

0-18706

95-3086563

(Commission File Number)

(IRS Employer Identification No.)

**1000 Park Drive
Lawrence, Pennsylvania**

15055

(Address of Principal Executive Offices)

(Zip Code)

(724) 746-5500

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On December 20, 2004, Black Box Corporation, a Delaware corporation (“Black Box”), SF Acquisition Co., a Minnesota corporation and a wholly owned subsidiary of Black Box (“Purchaser”), and Norstan, Inc., a Minnesota corporation (“Norstan” or the “Company”), entered into an Agreement and Plan of Merger (the “Merger Agreement”).

Pursuant to the terms of the Merger Agreement, Purchaser will commence a tender offer (the “Offer”) for all of the issued and outstanding shares of common stock, \$0.10 par value per share (the “Company Common Stock”), of Norstan, including the associated common stock purchase rights (the “Rights” and together with the Company Common Stock, the “Shares” and each share thereof, a “Share”), at a price equal to \$5.60 per Share net to the seller in cash (or any higher price per Share paid in the Offer) (the “Per-Share Amount”), without interest (and subject to applicable withholding taxes). Upon the terms and subject to the conditions set forth in the Merger Agreement, following a successful completion of the Offer, Purchaser will be merged with and into Norstan with Norstan surviving the merger as a wholly owned subsidiary of Black Box (the “Merger”). In the Merger, each Share (other than Shares owned by Black Box, Purchaser, or shareholders, if any, who have perfected statutory dissenters’ rights under Minnesota law) will be converted into the right to receive the Per-Share Amount, without interest (and subject to applicable withholding taxes).

The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer that number of Shares, together with any Shares then owned by Black Box or Purchaser (including Shares subject to the Tender Agreement, discussed below), that, immediately prior to acceptance for payment pursuant to the Offer, represents at least a majority of the sum of (a) the aggregate number of Shares immediately prior to acceptance for payment, plus (b) the aggregate number of Shares issuable upon the exercise of any option, warrant, other right to acquire capital stock of the Company, or other security exercisable for or convertible into Shares or other capital stock of the Company, any of which is outstanding immediately prior to acceptance for payment of Shares pursuant to the Offer. Additional conditions to the Offer are set forth in Annex I to the Merger Agreement.

A copy of the Merger Agreement is attached hereto as Exhibit 2.1 and is incorporated by reference herein.

Concurrently with the execution of the Merger Agreement, Black Box also entered into a Tender and Voting Agreement, dated as of December 20, 2004 (the “Tender Agreement”), with Purchaser and all of the directors and executive officers of Norstan (the “Shareholders”). As of December 20, 2004, the Shareholders collectively owned 636,019 Shares, excluding unvested shares of restricted stock (approximately 5% of the Shares) directly or through affiliates. The Shareholders have agreed to tender all of the Shares that each of them owns, including any Shares which such Shareholder acquires ownership of after the date of the Tender Agreement and prior to the termination of the Tender Agreement, to Purchaser in the Offer. The Tender Agreement also grants each of Black Box and Purchaser an irrevocable option to purchase each outstanding Share owned by the Shareholders at the Per-Share Amount. Black Box or Purchaser may exercise this option at any time after the expiration of the Offer and until the earlier of the effectiveness of the Merger or the termination of the Merger Agreement in accordance with its terms. Furthermore, each Shareholder has agreed, at any meeting of the shareholders of Norstan, to vote all Shares (a) in favor of adopting the Merger Agreement and any transactions contemplated thereby, including the Merger, (b) against any alternative transaction proposal and (c) against any action that would delay, prevent or frustrate the Offer and the Merger and the related transactions contemplated by the Merger Agreement. The number of Shares subject to the foregoing restrictions may not exceed 19.9% of the Shares.

A copy of the Tender Agreement is attached hereto as Exhibit 10.1 and is incorporated by reference herein.

Pursuant to a Stock Option Agreement, dated as of December 20, 2004, by and among Black Box, Purchaser and Norstan (the “Option Agreement”), the Company has granted to Purchaser an irrevocable option to purchase at the Per-Share Amount that certain number of Shares as is necessary for Purchaser to obtain ownership of at least 90% of the Shares on an as-converted, fully-diluted basis. Purchaser’s exercise of this option is conditioned upon Purchaser and Black Box owning in the aggregate, immediately preceding such exercise, at least 80% of the Shares, and immediately following such exercise, at least 90% of the Shares. Purchaser may exercise this option at any time, or from time to time, after the expiration of the Offer until the earlier of (i) immediately following the effectiveness of the Merger or (ii) the termination of the Merger Agreement in accordance with its terms.

A copy of the Option Agreement is attached hereto as Exhibit 10.2 and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits. The following exhibits are being filed or furnished as the case may be in accordance with Item 601 of Regulation S-K and General Instruction B.2 to this Form:

| Exhibit No. | Description |
|----------------|---|
| 2.1 | Agreement and Plan of Merger, dated December 20, 2004, by and among Black Box Corporation, SF Acquisition Co. and Norstan, Inc. |
| 10.1 | Tender and Voting Agreement, dated as of December 20, 2004, by and among Black Box Corporation, SF Acquisition Co. and all of the directors and executive officers of Norstan, Inc. |
| 10.2 | Stock Option Agreement, dated as of December 20, 2004, by and among Black Box Corporation, SF Acquisition Co. and Norstan, Inc. |

SIGNATURES

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

Black Box Corporation

Date: December 23, 2004

By: /s/ Michael McAndrew
Michael McAndrew,
Chief Financial Officer

Exhibit Index

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| 10.1 | Tender and Voting Agreement, dated as of December 20, 2004, by and among Black Box Corporation, SF Acquisition Co. and all of the directors and executive officers of Norstan, Inc. |
| 10.2 | Stock Option Agreement, dated as of December 20, 2004, by and among Black Box Corporation, SF Acquisition Co. and Norstan, Inc. |

AGREEMENT AND PLAN OF MERGER

Dated as of December 20, 2004

BY AND AMONG

BLACK BOX CORPORATION,

SF ACQUISITION CO.

AND

NORSTAN, INC.

THIS COPY OF THE AGREEMENT AND PLAN OF MERGER IS BEING DELIVERED TO THE SHAREHOLDERS OF NORSTAN, INC. IN COMPLIANCE WITH SECTION 302A.621, SUBDIVISION 2, OF THE MINNESOTA BUSINESS CORPORATION ACT.

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (the "Agreement") is made and entered into on this 20th day of December, 2004, by and among Norstan, Inc., a Minnesota corporation (the "Company"), Black Box Corporation, a Delaware corporation ("Parent"), and SF Acquisition Co., a Minnesota corporation and wholly owned subsidiary of Parent ("Acquisition Co.").

INTRODUCTION

A. The respective boards of directors of Parent, Acquisition Co. and the Company have each determined that it is advisable and in the best interests of their respective shareholders for Parent to acquire the Company; and for such purpose have each approved a merger (the "Merger") of Acquisition Co. with and into the Company, with the Company as the surviving corporation, upon the terms and conditions set forth herein.

B. In furtherance of the Merger, it has been agreed that Acquisition Co. will make a cash tender offer (the "Offer") to acquire all of the Company's outstanding shares of common stock, \$.10 par value per share (the "Company Common Stock") and the Rights (as defined in Section 3.2(a) below) for \$5.60 per share (such amount or any greater amount per share paid pursuant to the Offer, subject to Section 1.1(f), is hereinafter referred to as the "Per-Share Amount"), without interest, upon the terms and conditions set forth herein.

C. By resolutions duly adopted, the Company's board of directors has, in light of and subject to the terms and conditions hereof: (i) determined that this Agreement and the transactions contemplated hereby, specifically including the Offer and the Merger, are fair to and in the best interests of the Company and its shareholders; and (ii) resolved to recommend that the Company's shareholders accept the Offer and tender their shares and the Rights pursuant thereto, and adopt this Agreement.

D. The Special Committee (as defined in Section 1.2(a) below) has unanimously approved the Offer and the Merger, this Agreement, the Tender and Voting Agreement (as defined in paragraph E below), the Acquisition Co. Option Agreement (as defined in paragraph F below) and the transactions contemplated hereby and thereby, in order to render Sections 302A.671, 302A.673 and 302A.675 of the MBCA (as defined in Section 1.2(a) below) inapplicable to the Offer and the Merger, this Agreement, the Tender and Voting Agreement, the Acquisition Co. Option Agreement and the transactions contemplated hereby and thereby.

E. To induce Parent and Acquisition Co. to enter into this Agreement and consummate the transactions contemplated hereby, each of the Company's executive officers and directors are executing one or more Tender and Voting Agreements in favor of Parent and Acquisition Co. (collectively, the "Tender and Voting Agreement") concurrently with the execution and delivery hereof.

F. To further induce Parent and Acquisition Co. to enter into this Agreement and consummate the transactions contemplated hereby, Acquisition Co. and the Company are executing a Stock Option Agreement (the "Acquisition Co. Option Agreement"), pursuant to

which the Company has granted Acquisition Co. an option to purchase authorized but unissued shares of Company Common Stock, subject to certain conditions.

AGREEMENT

Now, Therefore, in consideration of the foregoing premises hereby made a part of this Agreement, the mutual covenants and agreements contained herein, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound subject to the satisfaction of the conditions set forth herein, hereby agree as follows:

ARTICLE 1 THE OFFER

1.1 Conduct of the Offer.

(a) Provided that none of the events or circumstances set forth in Annex I attached hereto shall have occurred or exist, as promptly as practicable (and in any event not later than five business days after the date hereof, provided that the Company has within a reasonable time prior thereto furnished Parent with the information about the Company required to be included in the Offer Documents, as defined in paragraph (e) below), Acquisition Co. shall commence, within the meaning of Rule 14d-2 under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), the Offer.

(b) Subject to the terms and conditions of the Offer and this Agreement, Acquisition Co. shall accept for payment all shares of Company Common Stock validly tendered and not withdrawn pursuant to the Offer as soon as it is permitted to do so under applicable Law (as defined in paragraph (c) below) and shall pay for such shares promptly thereafter (and in any event in compliance with Rule 14e-1(c) under the Exchange Act). Acquisition Co.'s obligation to accept for payment and to pay for any shares of Company Common Stock tendered pursuant to the Offer shall be subject to:

(i) the condition that there shall be a number of shares of Company Common Stock validly tendered pursuant to the Offer and not withdrawn, together with shares of Company Common Stock owned by Parent, including shares of Company Common Stock subject to the Tender and Voting Agreement (such shares owned by Parent and/or subject to the Tender and Voting Agreement being referred to as the "Parent-Owned Shares"), that, immediately prior to the acceptance for payment of shares of Company Common Stock pursuant to the Offer, represents at least a majority of the Fully Diluted Number of Company Shares (as defined in paragraph (d) below) (the "Minimum Condition"); and

(ii) the other conditions set forth in Annex I.

Acquisition Co. expressly reserves the right in its sole discretion to increase the initial Per-Share Amount, to waive (in whole or in part) any of the conditions of the Offer set forth in Annex I, or to make any other changes in the terms and conditions of the Offer; *provided, however*, that without the Company's prior written consent: (1) the Minimum Condition may not be amended or waived; (2) no change may be made that alters the form of consideration to be

paid, reduces the Per-Share Amount, changes the number of shares of Company Common Stock sought in the Offer, or imposes conditions to the Offer in addition to the Minimum Condition and the conditions set forth in Annex I; (3) except as provided in Section 1.1(d), no change may be made that extends the expiration date of the Offer beyond its initial expiration date, and (4) except as provided in this Agreement, no change may be made that amends any other terms of the Offer in a manner adverse to the holders of Company Common Stock.

(c) For all purposes of this Agreement, the capitalized terms set forth below shall have the following meanings:

(i) “Law” shall mean any federal, state, local or foreign law, statute, ordinance, regulation, guidelines, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (or under the authority of the Nasdaq National Market System or New York Stock Exchange).

(ii) “Governmental Body” shall mean any (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature, (b) federal, state, local or foreign government, or (c) governmental authority.

(iii) “Entity” shall mean any corporation, general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any company limited by shares, limited liability company or joint stock company), firm, society or other enterprise, association, organization or entity.

(iv) “Person” shall mean an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

(d) The Offer shall initially expire 20 business days following the date of the commencement thereof. Notwithstanding anything to the contrary contained herein but subject to the parties’ respective termination rights under Section 8.1: (i) if, at any then-scheduled expiration date of the Offer, any of the conditions to the Offer have not been satisfied or waived, Acquisition Co., without the consent of the Company or any other Person, shall be entitled to extend the Offer for such amount of time as is reasonably necessary to cause such conditions to the Offer to be satisfied; (ii) Acquisition Co. may, without the consent of the Company or any other Person (A) extend the Offer (one or more times) for any period required by any rule, regulation, interpretation or position of the United States Securities and Exchange Commission (the “SEC”) applicable to the Offer and (B) if the sum of (1) the number of shares of Company Common Stock that shall have been validly tendered and not withdrawn pursuant to the Offer (other than shares tendered by guaranteed delivery where actual delivery has not occurred) as of the then-scheduled expiration date of the Offer, plus (2) the number of Parent-Owned Shares as of such date, plus (3) the number of shares of Company Common Stock that Acquisition Co. could acquire under the Acquisition Co. Option Agreement as of such date, equals more than a majority of the Fully Diluted Number of Company Shares (as defined below) but less than 90% of the number of shares of Company Common Stock outstanding as of such date, extend the Offer (one or more times) for an aggregate additional period of not more than 20 business days; (iii) Acquisition Co. may, without the consent of the Company or any other Person, elect to

provide for a subsequent offering period (and one or more extensions thereof) pursuant to and in accordance with the terms of Regulation 14D under the Exchange Act; and (iv) if, at any then-scheduled expiration date of the Offer, any of the conditions to the Offer have not been satisfied or waived, Acquisition Co. shall, if the Company so requests in writing, extend the Offer for ten business days; *provided, however*, that Acquisition Co. shall not be required to extend the expiration date more than one time pursuant to this clause (iv).

For purposes of this Agreement, “Fully Diluted Number of Company Shares” shall mean the sum of the (x) aggregate number of shares of Company Common Stock outstanding immediately prior to the acceptance of shares of Company Common Stock pursuant to the Offer, plus (y) the aggregate number of shares of Company Common Stock issuable upon the exercise of any option, warrant, other right to acquire capital stock of the Company or other security exercisable for or convertible into shares of Company Common Stock or other capital stock of the Company, any of which is outstanding immediately prior to the acceptance of shares of Company Common Stock pursuant to the Offer.

(e) On the date of commencement of the Offer, Parent and Acquisition Co. shall (i) file with the SEC a Tender Offer Statement on Schedule TO with respect to the Offer which will contain or incorporate by reference the offer to purchase shares of Company Common Stock pursuant to the Offer and form of the related letter of transmittal and (ii) cause the offer to purchase and related documents to be disseminated to holders of shares of Company Common Stock in accordance with applicable federal securities laws. Parent and Acquisition Co. agree that they shall use their reasonable best efforts to cause the Schedule TO and all exhibits, amendments or supplements thereto (collectively, the “Offer Documents”) to comply in all material respects with the Exchange Act, the rules and regulations thereunder and other applicable Law. Each of Parent, Acquisition Co. and the Company agrees to use its reasonable best efforts to respond promptly to any comments of the SEC or its staff with respect to the Offer Documents or the Offer, to correct promptly any information provided by it for use in the Offer Documents if and to the extent that such information shall have become false or misleading in any material respect, and to take all steps necessary to cause the Offer Documents as supplemented or amended to correct such information to be filed with the SEC and to be disseminated to holders of shares of Company Common Stock, in each case as and to the extent required by applicable federal securities laws. The Company shall promptly furnish to Parent and Acquisition Co. all information concerning the Company and the Company’s shareholders that may be required or reasonably requested in connection with any action contemplated by this Section 1.1(e). The Company and its counsel shall be given reasonable opportunity to review and comment on the Offer Documents (including any amendment thereto) prior to the filing thereof with the SEC. Parent and Acquisition Co. agree to provide the Company and its counsel with any comments Parent, Acquisition Co. or their counsel may receive from the SEC or its staff with respect to the Offer Documents promptly after receipt of such comments.

(f) If, between the date of this Agreement and the date on which any particular share of Company Common Stock is accepted for payment pursuant to the Offer, the outstanding shares of Company Common Stock are changed into a different number or class of shares by reason of any stock split, division, subdivision or combination of shares, stock dividend, consolidation of shares, reclassification, recapitalization or other similar transaction, then the Per-Share Amount shall be appropriately adjusted to reflect such change or transaction. For

avoidance of doubt, it is understood that the Company shall not have the right to take any such action with respect to the Company Common Stock without the prior written consent of Parent.

1.2 Company Actions. The Company hereby approves and consents to the Offer and represents that its board of directors, at a meeting duly called and held or pursuant to unanimous written action, has: (i) determined that this Agreement and the transactions contemplated hereby, specifically including the Offer and the Merger, are fair to and in the best interests of the Company and its shareholders; (ii) approved and adopted this Agreement and the transactions contemplated hereby, including the Offer and the Merger, in accordance with the requirements of the Minnesota Business Corporation Act (“MBCA”), (iii) resolved to recommend that shareholders of the Company accept the Offer and tender their shares of Company Common Stock and the Rights pursuant to the Offer and adopt and approve this Agreement and the Merger (the “Company Board Recommendation”), (iv) approved the Tender and Voting Agreement and the transactions contemplated thereby and (v) approved the Acquisition Co. Option Agreement and the transactions contemplated thereby. The Company further represents that, at a meeting duly called and held, to the extent necessary, a special committee of the Company’s board of directors formed in accordance with Section 302A.673 of the MBCA (the “Special Committee”) has adopted a resolution having the effect of causing the Company, Parent, and Acquisition Co., this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement and the transactions contemplated hereby and thereby, including the Offer and the Merger, not to be subject to any state takeover law or similar Law, including, without limitation, Sections 302A.671, 302A.673 and 302A.675 of the MBCA, that might otherwise apply to the Offer or the Merger or any of the other transactions contemplated by this Agreement, the Tender and Voting Agreement or the Acquisition Co. Option Agreement. Finally, the Company represents that its board of directors and/or compensation committee thereof has adopted any necessary resolutions to provide for the treatment of Company Options (as defined in Section 3.2(b) below) as set forth in Section 2.5(b) of this Agreement. Subject to Section 5.3, the Company hereby consents to the inclusion of the Company Board Recommendation in the Offer Documents.

(b) As promptly as practicable on the day that the Offer is commenced, the Company shall file with the SEC and (following or contemporaneously with the dissemination of the Offer Documents and related documents) disseminate to holders of shares of Company Common Stock, in each case as and to the extent required by applicable federal securities laws, a Solicitation/Recommendation Statement on Schedule 14D-9 with respect to the Offer (together with any amendments or supplements thereto, the “Schedule 14D-9”) that shall reflect, subject to Section 5.3, the Company Board Recommendation. The Company agrees that it shall cause the Schedule 14D-9 to comply in all material respects with the Exchange Act and the rules and regulations thereunder and other applicable Law. Each of Parent, Acquisition Co. and the Company agrees to promptly correct any information provided by it for use in the Schedule 14D-9 if and to the extent that such information shall have become false or misleading in any material respect, and the Company further agrees to take all steps necessary to cause the Schedule 14D-9 as supplemented or amended to correct such information to be filed with the SEC and to be disseminated to holders of shares of Company Common Stock, in each case as and to the extent required by applicable federal securities laws. Parent and its counsel shall be given reasonable opportunity to review and comment on the Schedule 14D-9 (including any amendment thereto) prior to the filing thereof with the SEC. The Company agrees to provide Parent and its counsel

with any comments the Company or its counsel may receive from the SEC or its staff with respect to the Schedule 14D-9 promptly after receipt of such comments.

(c) The Company will, or will cause its transfer agent to, promptly furnish Parent and Acquisition Co. with a list of its shareholders, mailing labels and any available listing or computer file containing the names and addresses of all record holders of shares of Company Common Stock and lists of securities positions of shares of Company Common Stock held in stock depositories, in each case as of the most recent practicable date, and will provide to Parent such additional information (including updated lists of shareholders, mailing labels and lists of securities positions) and such other assistance as Parent or Acquisition Co. may reasonably request in connection with the Offer and the Merger. Parent and Acquisition Co. and their agents shall hold in confidence the information contained in any such labels, listings and files, will use such information only in connection with the Offer and the Merger and, if this Agreement shall be terminated, will, upon request, deliver to the Company or destroy (as requested), and will use their reasonable best efforts to cause their agents to deliver to the Company or destroy (as requested), all copies and any extracts or summaries from such information then in their possession or control.

(d) Parent and Acquisition Co. agree to promptly file with the Commissioner of Commerce of the State of Minnesota any registration statement relating to the Offer required to be filed pursuant to Chapter 80B of the Minnesota Statutes. Parent and Acquisition Co. shall deliver to all offerees the information contained in any such registration statement relating to the Offer required to be filed pursuant to Chapter 80B of the Minnesota Statutes as required by Chapter 80B of the Minnesota Statutes.

1.3 Directors. Effective upon the fulfillment of the Minimum Condition and upon the acceptance for payment of the shares of Company Common Stock pursuant to the Offer, Parent shall be entitled to designate the number of directors, rounded up to the next whole number, on the Company's board of directors that equals the product of (i) the total number of directors on the Company's board of directors (giving effect to the election of any additional directors pursuant to this Section) and (ii) a fraction whose numerator is the aggregate number of shares of Company Common Stock then beneficially owned by Parent or Acquisition Co. (including shares of Company Common Stock accepted for payment pursuant to the Offer), and whose denominator is the total number of shares of Company Common Stock then outstanding, and the Company shall take all commercially reasonable actions necessary to cause Parent's designees to be elected or appointed to the Company's board of directors, including increasing the number of directors, and seeking and accepting resignations of incumbent directors. At such time, to the extent requested by Parent, the Company will also use its reasonable best efforts (i) to cause individuals designated by Parent to constitute the number of members, rounded up to the next whole number, on each committee of the Company's board of directors, that represents the same percentage as the individuals designated by Parent represent on the board of directors of the Company and (ii) to cause individuals designated by Parent to constitute all of the members of the board of directors of each Subsidiary (as defined in Section 3.1 below) and each committee thereof. Notwithstanding the provisions of this Section 1.3, the parties hereto shall use their reasonable best efforts to cause at least two of the members of the Company's board of directors, at all times prior to the Effective Time, to be individuals who were directors of the Company and were not officers or employees of the Company or any Subsidiary on the date hereof and who

each meet the requirements for being considered “disinterested” under Section 302A.673 of the MBCA (the “Continuing Directors”); *provided, however,* that if at any time prior to the Effective Time there shall be in office only one Continuing Director for any reason, the Company’s board of directors shall cause a person who is not an officer or employee of the Company or any Subsidiary designated by the remaining Continuing Director to fill such vacancy (and such person shall be deemed to be a Continuing Director for all purposes of this Agreement), and if at any time prior to the Effective Time no Continuing Directors then remain, the other directors of the Company then in office shall use their reasonable best efforts to designate two persons to fill such vacancies who are not officers or employees or affiliates of the Company, its Subsidiaries, Parent or Acquisition Co. or any of their respective affiliates and who each meet the requirements for being considered “disinterested” under Section 302A.673 of the MBCA (and such persons shall be deemed to be Continuing Directors for all purposes of this Agreement).

(b) The Company’s obligations to appoint Parent’s designees to the Company’s board of directors shall be subject to Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder. The Company shall promptly take all actions, and shall include in the Schedule 14D-9 such information with respect to the Company and its officers and directors, as Section 14(f) and Rule 14f-1 of the Exchange Act require in order to fulfill its obligations under this Section, so long as Parent shall have furnished to the Company on a timely basis the information with respect to Parent and its nominees, officers, directors and affiliates required by Section 14(f) and Rule 14f-1 of the Exchange Act. The provisions of this Section 1.3 are in addition to and shall not limit any rights which Acquisition Co., Parent or any of their affiliates may have as a holder or beneficial owner of shares of Company Common Stock as a matter of applicable Law with respect to the election of directors or otherwise.

(c) Following the election or appointment of Parent’s designees pursuant to Section 1.3(a) and until the Effective Time, the approval of a majority of the Continuing Directors, or a single Continuing Director if there be only one such Continuing Director, shall be required to authorize (and such authorization shall constitute the authorization of the Company’s board of directors and no other action on the part of the Company, including any action by any other director of the Company, shall be required to authorize) any termination of this Agreement by the Company, any amendment of this Agreement requiring action by the Company’s board of directors, any extension of time for performance of any obligation or action hereunder by Parent or Acquisition Co. requiring the consent of the Company, any waiver of compliance by the Company of any of the agreements or conditions contained herein for the benefit of the Company or its shareholders, any required or permitted consent or action by the board of directors of the Company hereunder and any other action of the Company hereunder which adversely affects in any material respect the holders of shares of Company Common Stock (other than Parent or Acquisition Co.).

ARTICLE 2 MERGER TRANSACTION

2.1 Merger of Acquisition Co. into the Company.

Upon the terms and subject to the conditions set forth in this Agreement and in accordance with the MBCA, at the Effective Time, Acquisition Co. shall be merged with and

into the Company, the separate existence of Acquisition Co. shall cease and the Company will continue as the surviving corporation in the Merger (the “Surviving Corporation”).

2.2 Effect of Merger.

The Merger shall have the effects set forth in this Agreement and in the applicable provisions of the MBCA. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all property of the Company and Acquisition Co. shall vest in the Surviving Corporation, and all debts, liabilities, obligations and duties of the Company and Acquisition Co. shall become debts, liabilities, obligations and duties of the Surviving Corporation.

2.3 Closing; Effective Time.

Unless this Agreement shall have been terminated and the transactions contemplated hereby shall have been abandoned pursuant to ARTICLE 8, the consummation of the Merger (the “Closing”) shall take place by mutual release of Closing documents followed by overnight delivery of originals, on a date to be designated by Parent (the “Closing Date”), which shall be no later than the fifth business day after the satisfaction or waiver of the last to be satisfied or waived of the conditions set forth in ARTICLE 7 (other than delivery of items to be delivered at the Closing and other than those conditions that by their nature are to be satisfied at the Closing, it being understood that the occurrence of the Closing shall remain subject to the delivery of such items and the satisfaction or waiver of such conditions at the Closing), unless another date, time or place is agreed to in writing by the parties hereto. Subject to the provisions of this Agreement, articles of merger satisfying the applicable requirements of the MBCA shall be duly executed by the Company and Acquisition Co. and, concurrently with or as soon as practicable following the Closing, filed with the office of the Minnesota Secretary of State. The Merger shall become effective upon the date and time of the filing of such articles of merger with the Minnesota Secretary of State, or at such later time as is specified therein (the “Effective Time”).

2.4 Articles of Incorporation and Bylaws; Directors and Officers.

Unless otherwise determined by Parent prior to the Effective Time:

(a) subject to Section 6.4(a), the articles of incorporation of the Surviving Corporation shall be amended and restated as of the Effective Time to conform to the articles of incorporation of Acquisition Co. as in effect immediately prior to the Effective Time until thereafter changed or amended in accordance with the provisions thereof and applicable Law;

(b) subject to Section 6.4(a), the bylaws of the Surviving Corporation shall be amended and restated as of the Effective Time to conform to the bylaws of Acquisition Co. as in effect immediately prior to the Effective Time until thereafter changed or amended in accordance with the provisions thereof and applicable Law;

(c) the directors of the Surviving Corporation immediately after the Effective Time shall be the respective individuals who are directors of Acquisition Co. immediately prior to the Effective Time until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be; and

(d) the officers of the Surviving Corporation immediately after the Effective Time shall be the respective individuals who are officers of Acquisition Co. immediately prior to the Effective Time until the earliest of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

2.5 Conversion of Shares.

(a) At the Effective Time, by virtue of the Merger and without any further action on the part of Parent, Acquisition Co., the Company or any shareholder of the Company:

(i) all shares of Company Common Stock then held by the Company or any wholly owned Subsidiary shall be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor;

(ii) all shares of Company Common Stock, if any, then held by Parent, Acquisition Co. or any other wholly owned Subsidiary of Parent shall be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor;

(iii) except as provided in clauses (i) and (ii) above and subject to Sections 2.5(d) and 2.7, each share of Company Common Stock then outstanding shall be converted into the right to receive the Per-Share Amount (the "Merger Consideration"), without interest; and

(iv) all of the shares of the common stock, \$0.01 par value per share, of Acquisition Co. then outstanding shall be converted into one share of Company Common Stock.

(b) All Company Options (as defined in Section 3.2(b) below) and Warrants (as defined in Section 3.2(c) below) shall terminate as of the Effective Time, whether or not vested or exercisable and without regard to any agreements qualifying the right to retain or exercise any such Company Options or Warrants. At the Effective Time, subject to the terms and conditions set forth below in this Section 2.5(b), each holder of a Company Option or Warrant will be entitled to receive from the Company, and shall receive, in settlement of each Company Option or Warrant a "Cash Amount." The "Cash Amount" shall be equal to the net amount of (A) the product of the excess, if any, of the Merger Consideration over the exercise price per share of such Company Option or Warrant at the Effective Time, multiplied by (ii) the number of shares subject to such Company Option or Warrant, less (B) any applicable withholdings for Tax (as defined in Section 3.17 below). If the exercise price per share of any Company Option or Warrant equals or exceeds the Merger Consideration, the Cash Amount therefor shall be zero. Except as may be otherwise agreed to by Parent and the Company, all of the Company's Stock Option Plans (as defined in Section 3.2 below) shall terminate as of the Effective Time and the provisions in any other plan, program or arrangement providing for the issuance or grant of any other interest in respect of the capital stock of Company or any Subsidiary shall be deleted, terminated and of no further force or effect as of the Effective Time. Notwithstanding the foregoing, (i) payment of the Cash Payment is subject to written acknowledgement, in a form acceptable to the Surviving Corporation, that no further payment is due to such holder on account of any Company Option or Warrant and all of such holder's rights under such Company Options or Warrants have terminated and (ii) with respect to any Person subject to Section 16 (a)

of the Exchange Act, any Cash Amount to be paid to such Person in accordance with this Section 2.5(b) shall be paid as soon as practicable after the payment can be made without liability to such Person under Section 16(b) of the Exchange Act.

(c) The current purchase period under the Company's 2000 Employee Stock Purchase Plan (the "Stock Purchase Plan") will end on December 31, 2004. The Company's board of directors has taken all action so that the Company will not commence any new purchase period under the Stock Purchase Plan commencing as of such date and, as of the Effective Time, the Stock Purchase Plan will terminate and each participant under the Stock Purchase Plan shall receive a cash payment from the Surviving Corporation equal to the balance, if any, of any accumulated payroll deductions, without interest, in the Stock Purchase Plan as of the Effective Time.

(d) If, between the date of this Agreement and the Effective Time, the outstanding shares of Company Common Stock are changed into a different number or class of shares by reason of any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction, then the Merger Consideration shall be appropriately adjusted to reflect such change or transaction. For avoidance of doubt, it is understood that the Company shall not have the right to take any such action with respect to the Company Common Stock without the prior written consent of Parent.

2.6 Surrender of Certificates; Stock Transfer Books.

(a) Prior to the Effective Time, Parent shall designate a bank or trust company reasonably acceptable to the Company to act as agent (the "Paying Agent") for the holders of shares of Company Common Stock to receive the funds to which holders of such shares shall become entitled pursuant to Section 2.5. Such funds shall be invested by the Paying Agent as directed by the Parent or the Surviving Corporation. Earnings from such investments shall be the sole and exclusive property of Parent and the Surviving Corporation, and no part of such earnings shall accrue to the benefit of holders of shares of Company Common Stock.

(b) As soon as reasonably practicable after the Effective Time, the Surviving Corporation shall cause to be mailed to each Person who was, at the Effective Time, a holder of record of shares of Company Common Stock entitled to receive the Merger Consideration pursuant to Section 2.5, a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the certificates evidencing such shares (the "Certificates") shall pass, only upon proper delivery of the Certificates to the Paying Agent) and instructions for use in effecting the surrender of the Certificates pursuant thereto. Upon surrender to the Paying Agent of a Certificate, together with such letter of transmittal duly completed and validly executed in accordance with the instructions thereto, and such other documents as may be required pursuant to such instructions, the holder of such Certificate shall be entitled to receive in exchange therefor the Merger Consideration for each share of Company Common Stock formerly evidenced by such Certificate, and such Certificate shall thereupon be canceled. No interest shall accrue or be paid on the Merger Consideration payable upon the surrender of any Certificate for the benefit of the holder of such Certificate. If the payment of the Merger Consideration is to be made to a Person other than the Person in whose name the surrendered Certificate formerly evidencing shares of Company Common Stock is registered on the Company's stock transfer

books, it shall be a condition of payment that the Certificate so surrendered be endorsed properly or otherwise be in proper form for transfer and that the Person requesting such payment shall have paid all transfer and other similar Taxes required by reason of the payment of the Merger Consideration to a Person other than the registered holder of the Certificate surrendered, or shall have established to the satisfaction of Acquisition Co. that such Taxes are not applicable. Until surrendered as contemplated by this Section 2.6(b), each Certificate shall be deemed, from and after the Effective Time, to represent only the right to receive the Merger Consideration for each share of Company Common Stock formerly evidenced by such Certificate. If any Certificate shall have been lost, stolen or destroyed, Parent may, in its discretion and as a condition precedent to the payment of the Merger Consideration for each share of Company Common Stock formerly evidenced by such Certificate, require the owner of such lost, stolen or destroyed Certificate to provide an appropriate affidavit and to deliver a bond (in such sum as Parent may reasonably direct) as indemnity against any claim that may be made against the Paying Agent, Parent or the Surviving Corporation with respect to such Certificate.

(c) At any time following the six-month anniversary of the Effective Time, the Surviving Corporation shall be entitled to require the Paying Agent to deliver to it any funds not then disbursed to holders of shares of Company Common Stock (including without limitation all interest and other income received by the Paying Agent in respect of all such funds), and, thereafter, such holders shall be entitled to look to the Surviving Corporation (subject to abandoned property, escheat and other similar laws) only as general creditors thereof with respect to any Merger Consideration that may be payable upon due surrender of the Certificates held by them. Notwithstanding the foregoing, none of the Surviving Corporation, Parent or the Paying Agent nor any other party to this Agreement shall be liable to any holder of a share of Company Common Stock for any Merger Consideration delivered in respect of such share to a public official pursuant to any abandoned property, escheat or other similar law. If any Certificates shall not have been surrendered prior to five years after the Effective Time (or immediately prior to such earlier date on which any Merger Consideration in respect of such Certificate would otherwise escheat to or become the property of any Governmental Body), any amounts payable in respect of such Certificate shall, to the extent permitted by applicable Law, become the property of the Surviving Corporation, free and clear of all claims or interest of any Person previously entitled thereto.

(d) At the close of business on the day of the Effective Time, the Company's stock transfer books shall be closed and thereafter there shall be no further registration of transfers of shares of the Company's capital stock. From and after the Effective Time, the holders of shares of Company Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares except as otherwise provided herein or by applicable Law.

(e) Each of the Surviving Corporation, Parent and Acquisition Co. shall be entitled to deduct and withhold (or cause the Paying Agent to deduct and withhold) from the consideration otherwise payable in the Merger to any holder of shares of Company Common Stock such amounts as it is required to deduct and withhold with respect to Taxes. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Company Common Stock in respect of which such deduction and withholding was made.

2.7 Dissenters' Rights.

Notwithstanding any provision of this Agreement to the contrary, each outstanding share of Company Common Stock, the holder of which has demanded and perfected such holder's right to dissent from the Merger and to be paid the fair value of such shares in accordance with Section 302A.471 and 302A.473 of the MBCA and, as of the Effective Time, has not effectively withdrawn or lost such dissenters' rights ("Dissenting Shares"), shall not be converted into or represent a right to receive the Merger Consideration pursuant to Section 2.5, but the holder thereof shall be entitled only to such rights as are granted by the MBCA; *provided, however*, that if any holder of Company Common Stock demands dissenters' rights with respect to such shares under the MBCA and subsequently effectively withdraws or loses (through failure to perfect or otherwise) its dissenters' rights, then as of the Effective Time or the occurrence of such event, whichever later occurs, such holder's Company Common Stock will automatically be converted into and represent only the right to receive the Merger Consideration as provided in Section 2.5, without interest thereon, upon surrender of the certificate(s) formerly representing such shares. After the Effective Time, Parent shall cause the Company to make all payments to holders of Dissenting Shares with respect to such demands in accordance with the MBCA. The Company shall give Parent: (i) prompt written notice of any notice of intent to demand fair value for any shares of Company Common Stock, withdrawals of such notices, and any other instruments served pursuant to the MBCA and received by the Company; and (ii) the opportunity to direct all negotiations and proceedings with respect to demands for fair value for shares of Company Common Stock under the MBCA. The Company shall not, except with prior written consent of Parent, voluntarily make any payment with respect to any demands for fair value for shares of Company Common Stock or offer to settle or settle any such demands.

2.8 Further Action.

If, at any time after the Effective Time, any further action is determined by Parent to be reasonably necessary or desirable to carry out the purposes of this Agreement or to vest the Surviving Corporation with full right, title and possession of and to all rights and property of Acquisition Co. and the Company, the officers and directors of the Surviving Corporation and Parent shall be fully authorized (in the name of Acquisition Co., in the name of the Company and otherwise) to take such action.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the disclosure schedules attached hereto (it being acknowledged that disclosure in the Company Disclosure Letter with respect to any particular Section of the Agreement shall be deemed disclosure with respect to another Section of the Agreement only if disclosure to the subject matter of such other Section is explicitly referenced in the Company Disclosure Letter or incorporated by reference to a specific section of the Company SEC Documents (as defined in Section 3.8 below) filed on or after January 1, 2004 but prior to the date of this Agreement), the Company represents and warrants to Parent and Acquisition Co. that all of the statements contained in this ARTICLE 3 are true and complete as of the date of this Agreement, and will be true and complete as of the expiration date of the Offer as though made

at such time and as of the Effective Time as though made at the Effective Time (except as to any representation or warranty that speaks as of a specific date, which shall be true as of such date).

3.1 Organization.

(a) The Company and each Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. The Company and each Subsidiary is duly qualified or licensed and in good standing to do business in each jurisdiction in which the character of the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing would not be reasonably likely to have a Company Material Adverse Effect. For purposes of this Agreement, a “Company Material Adverse Effect” shall mean any change, result, effect, event, occurrence or state of facts (or any development that has had or is reasonably likely to have any change or effect) that, alone or in connection with other matters, is or would reasonably be expected to be materially adverse to the business, financial condition, assets, liabilities or results of operations of the Company or the Subsidiaries, taken as a whole, or which is or would reasonably be expected to be materially adverse to the ability of such Persons to consummate the transactions contemplated hereby; *provided, however*, that none of the following shall be deemed in itself, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been, a Company Material Adverse Effect: (i) any effect resulting from or arising in connection with this Agreement or the transactions contemplated hereby or the execution or announcement hereof, (ii) changes in circumstances or conditions affecting the industry in which the Company and the Subsidiaries operate or affecting telecommunications companies in general other than those matters which have a materially disproportionate adverse effect on the Company and the Subsidiaries as compared to others in the industry in which the Company is engaged, (iii) changes in general economic conditions in the United States, (iv) changes in generally accepted accounting principles or (v) any change in the price at which the shares of Company Common Stock are publicly traded. In addition, the Company’s failure to meet any particular revenue or earnings forecast or estimate for any period ending after the date hereof, including estimates prepared by equity analysts or other third parties, as well as internal forecasts prepared by Company management, shall not, in and of itself, be deemed to constitute a Company Material Adverse Effect.

(b) The Company has heretofore made available to Parent accurate and complete copies of the articles of incorporation and bylaws, as currently in effect, of the Company and the Subsidiaries. For purposes of this Agreement, “Subsidiary” shall mean a Subsidiary of the Company and an Entity shall be considered a Subsidiary of the Company if the Company directly or indirectly owns, beneficially or of record, an amount of voting securities of other interests in such Entity that is sufficient to enable the Company to elect at least a majority of the members of such Entity’s board of directors or other governing body, or at least 50% of the outstanding equity or financial interests of such Entity. Neither the Company nor any of the Subsidiaries (collectively, the “Acquired Companies”) owns an equity interest in any Entity other than a Subsidiary and none of the Acquired Companies have agreed or is obligated to

make, or is bound by any contract or other obligation under which it may become obligated to make, any future equity or similar investment in or capital contribution to any other Person.

3.2 Capitalization.

(a) As of the date hereof, the Company's authorized capital stock consists of 40,000,000 shares of Company Common Stock (and the associated rights (the "Rights") to purchase 40,000,000 shares of Company Common Stock pursuant to the Amended and Restated Rights Agreement, dated as of April 1, 1998, by and between the Company and Norwest Bank Minnesota, National Association as Rights Agent (as amended, the "Rights Agreement")). As of the date hereof, 13,821,679 shares of Company Common Stock, along with an equal number of Rights, were issued and outstanding. No other capital stock of the Company is authorized or issued. All issued and outstanding shares of Company Common Stock are duly authorized, validly issued, fully paid and non-assessable. None of the Acquired Companies is under any obligation, or is bound by any contract or other obligation pursuant to which it may become obligated, to repurchase, redeem or otherwise acquire any outstanding shares of Company Common Stock.

(b) As of the date hereof: (i) 2,289,739 shares of Company Common Stock are subject to issuance pursuant to the exercise of outstanding Company Options (as defined below) (not including shares subject to issuance pursuant to the Stock Purchase Plan); (ii) 672,130 shares of Company Common Stock are available for issuance pursuant to the Stock Purchase Plan; (iii) 743,855 shares of Company Common Stock are available for issuance pursuant to future grants under the Company's 1995 Long-Term Incentive Plan and no shares are available for issuance pursuant to future grants under the Company's 1986 Long-Term Incentive Plan; and (iv) 112,030 shares of Company Common Stock are available for issuance pursuant to future grants under the Company's Non-Employee Directors Stock Plan (the plans referenced in clauses (ii) through (iv) above are collectively referred to herein as the "Company's Stock Option Plans"). Stock options granted by the Company pursuant to the Company's Stock Option Plans are referred to in this Agreement as "Company Options." All such Company Options are exercisable only for Company Common Stock. Schedule 3.2(b) sets forth the following information with respect to each of the Company Options outstanding as of the date of this Agreement: (1) the particular plan pursuant to which such Company Option was granted and whether such Company Option is an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"); (2) the name of the optionee; (3) the number of shares of Company Common Stock subject to such Company Option; (4) the exercise price of such Company Option; (5) the date on which such Company Option was granted; (6) the applicable vesting schedules, and the extent to which such Company Option is vested and exercisable as of the date set forth in the disclosure schedule; and (7) the date on which such Company Option expires. The Company has no plans or arrangements pursuant to which stock options or other stock-based equity may be issued other than the Company's Stock Option Plans. The Company has delivered to Parent and Acquisition Co. accurate and complete copies of all stock plans pursuant to which Company has granted currently outstanding stock options or other stock-based compensation or, could have granted stock options or other stock-based compensation since January 1, 1994 or currently can grant stock options or other stock-based compensation, and the forms of all stock option agreements evidencing such options or other stock-based compensation. Assuming that the Company complies with its obligations under

Section 2.5(b), the Company will not incur any liability as a result of the cancellation of the Company Options or Warrants as described in Section 2.5 and all rights of the holders of such Company Options or Warrants will terminate as of the Effective Time.

(c) As of the date hereof, there were outstanding warrants to purchase 217,235 shares of Company Common Stock at \$1.09 per share, 185,934 shares of Company Common Stock at \$0.91 per share, and 102,564 shares of Company Common Stock at \$2.73 per share, (collectively, the “Warrants”). Schedule 3.2(b) sets forth the following information with respect to each of the Warrants outstanding as of the date of this Agreement: (1) the name of each holder of a Warrant; (2) the number of shares of Company Common Stock subject to such Warrant; (3) the exercise price of such Warrant; (4) the date of the agreement evidencing such Warrant; (5) the applicable vesting schedule of such Warrant and the extent to which such Warrant is vested and exercisable as of the date set forth in the disclosure schedule; and (6) the date on which such Warrant expires.

(d) Except for the Company Options, the Warrants and the Rights issued pursuant to the Rights Agreement, there is no: (i) outstanding subscription, option, call, warrant or right (whether or not currently exercisable) to acquire any shares of the capital stock or other securities of Company (or any Subsidiary); (ii) outstanding security, instrument or obligation that is or may become convertible into or exchangeable for any shares of the capital stock or other securities of Company (or any Subsidiary); or (iii) stockholder rights plan (or similar plan commonly referred to as a “poison pill”) or contract under which Company (or any Subsidiary) is or may become obligated to sell or otherwise issue any shares of its capital stock or any other securities.

(e) Since January 1, 2000, the Company has not repurchased, redeemed or otherwise acquired any shares of Company Common Stock. All repurchases of the Company Common Stock by the Company have been made in compliance with Rule 10b-18 promulgated under the Exchange Act.

3.3 Subsidiaries.

Each Subsidiary is listed in Schedule 3.3. Each Subsidiary is wholly owned by the Company except as otherwise indicated in Schedule 3.3. All of the capital stock and other interests of the Subsidiaries so held are owned by the Company free and clear of any claim, lien, encumbrance, security interest or agreement with respect thereto. All of the outstanding shares of capital stock in each of the Subsidiaries held by the Company are duly authorized, validly issued, fully paid and non-assessable and were issued free of preemptive rights and in compliance with applicable Laws. No equity securities or other interests of any of the Subsidiaries are or may become required to be issued or purchased by reason of any options, warrants, rights to subscribe to, puts, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, shares of any capital stock of any Subsidiary, and there are no contracts, commitments, understandings or arrangements by which any Subsidiary is bound to issue additional shares of its capital stock, or options, warrants or rights to purchase or acquire any additional shares of its capital stock or securities convertible into or exchangeable for such shares.

3.4 Authorization; Binding Agreement.

The Company has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, including but not limited to the Offer and the Merger, have been duly and validly authorized by the Company's board of directors and no other corporate proceedings on the part of the Company or any Subsidiary are necessary to authorize the execution and delivery of this Agreement or to consummate the transactions contemplated hereby (other than the adoption of this Agreement by the shareholders of the Company in accordance with the MBCA as set forth in Section 3.23 hereof). This Agreement has been duly and validly executed and delivered by the Company and constitutes the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except to the extent that enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by principles of equity regarding the availability of remedies (the "Enforceability Exceptions").

3.5 Governmental Approvals.

No consent, approval, waiver or authorization of, notice to or declaration or filing with ("Consent"), any Governmental Body on the part of the Company or any of the Subsidiaries is required in connection with the execution or delivery by the Company of this Agreement or the consummation by the Company of the transactions contemplated hereby other than: (a) the filing of the articles of merger with the Minnesota Secretary of State in accordance with the MBCA; (b) filings with the SEC, state securities laws administrators and the National Association of Securities Dealers, Inc. ("NASD"); (c) filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the "HSR Act"), (d) such filings as may be required in any jurisdiction where the Company is qualified or authorized to do business as a foreign corporation in order to maintain such qualification or authorization, and (e) those Consents that, if they were not obtained or made, would not be reasonably likely to have a Company Material Adverse Effect.

3.6 Non-Contravention.

The execution and delivery of this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement, the consummation of the transactions contemplated hereby and thereby and compliance by the Company with any of the provisions hereof and thereof will not: (a) conflict with or result in any breach of any provision of the articles of incorporation or bylaws or other governing instruments of the Company or any of the Subsidiaries; (b) except as set forth in Schedule 3.6, require any Consent under or result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any Company Material Contract (as defined in Section 3.14 below); (c) result in the creation or imposition of any lien or encumbrance of any kind upon any of the assets of the Company or any Subsidiary; or (d) subject to obtaining the Consents from Governmental Bodies referred to in Section 3.5, contravene any applicable provision of any Law to which the Company or any Subsidiary or its or any of their respective assets or properties are subject, except, in the case of

clauses (b), (c) and (d) above, for any deviations from the foregoing which would not be reasonably likely to have a Company Material Adverse Effect.

3.7 Compliance with Law.

The operations of each of the Acquired Companies, the conduct of the business of each of the Acquired Companies, as and where such business has been or presently is conducted, and the ownership, possession and use of the assets of each of the Acquired Companies have complied and currently do comply with all applicable Laws (except as set forth in Schedule 3.12), including without limitation, the Sarbanes-Oxley Act of 2002 (“SOX”), except where failure to so comply would not be reasonably likely to have a Company Material Adverse Effect. From January 1, 2001 through the date of this Agreement, none of the Acquired Companies have received any notice from any Governmental Body regarding any actual or possible material violation of, or failure to comply in any material respect with, any Law.

3.8 SEC Filings; Adequate Controls. The Company has made available to Parent and Acquisition Co. accurate and complete copies of all registration statements, definitive proxy statements and other statements, reports, schedules, forms and other documents (and all amendments or supplements thereto) filed by Company with the SEC since May 1, 2001 (the “Company SEC Documents”). All statements, reports, schedules, forms and other documents required to have been filed by Company with the SEC since May 1, 2001 have been so filed and in a timely manner. As of the time it was filed with the SEC (or, if amended, supplemented or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Company SEC Documents complied in all material respects with the applicable requirements of the Securities Act of 1933, as amended (the “Securities Act”), the Exchange Act, and SOX (as the case may be); and (ii) none of the Company SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The consolidated financial statements (including any related notes) contained in the Company SEC Documents: (i) when filed, complied as to form in all material respects with the published rules and regulations of the SEC applicable thereto; (ii) when filed, were prepared in accordance with generally accepted accounting principles in the United States (“US GAAP”), except, in the case of unaudited statements, as permitted by SEC regulations applicable to Form 10-Q, and except that the unaudited financial statements may not contain footnotes and are subject to normal and recurring year-end adjustments; and (iii) fairly present in all material respects the consolidated financial position of the Company as of the respective dates thereof and the consolidated results of operations and cash flows of the Company for the periods covered thereby. The unaudited consolidated balance sheet of the Company and its Subsidiaries as of October 30, 2004 included in the Company’s Quarterly Report for the quarter ended October 30, 2004 is sometimes referred to as the “Latest Balance Sheet.”

(c) Neither the Company nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar contract or arrangement including any contract or arrangement relating to any transaction or relationship between or among the Company and any of its Subsidiaries, on the one hand, and

any unconsolidated affiliate (including any structured finance, special purpose or limited purpose entity or Person), on the other hand or any “off-balance sheet arrangements” (as defined in Item 303(a) of Regulation S-K promulgated by the SEC), where the result, purpose or intended effect of such contract or arrangement is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of its Subsidiaries in the Company’s or such Subsidiary’s published financial statements or other Company SEC Documents.

(d) Prior to the Offer Closing Date (as defined in Section 7.3 below), the Company has and will have in place the “disclosure controls and procedures” (as defined in Rules 13a-14(c) and 15d-14(c) of the Exchange Act) required in order for the Company’s Chief Executive Officer and Chief Financial Officer to engage in the review and evaluation process mandated by the Exchange Act, which shall have been delivered to Parent. The Company’s “disclosure controls and procedures” are reasonably designed to ensure that all information (both financial and non-financial) required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such information is accumulated and communicated to the Company’s management as appropriate to allow timely decisions regarding required disclosure and to make the certifications of the Company’s Chief Executive Officer and Chief Financial Officer required under the Exchange Act with respect to such reports.

(e) The Company maintains a system of accounting controls (including “internal control over financial reporting” as defined in Rule 13a-15 (f) promulgated under the Exchange Act) sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management’s general or specific authorization, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with US GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since April 30, 2001, the Company has not received any written or oral notice from its registered independent public accounting firm of a “reportable condition,” “significant deficiency” or “material weakness” in the Company’s system of accounting controls as those terms are defined under generally accepted auditing standards in the United States.

3.9 Assets.

Except for Company Intellectual Property (title for which is described in Section 3.13), the Acquired Companies have good and marketable title to all of their respective assets reflected on the Latest Balance Sheet (other than assets disposed of in the ordinary course of business since the date of the Latest Balance Sheet) and have the right to transfer all rights, title and interest in such assets, free and clear of any liens or encumbrances other than (i) encumbrances set forth in the Latest Balance Sheet, (ii) Permitted Encumbrances (as defined below), or (iii) liens or encumbrances set forth in Schedule 3.9. Except for Company Intellectual Property, each of the Acquired Companies has all material assets necessary to operate, or which are material to the operation of, its respective business as currently conducted. For purposes of this Agreement, “Permitted Encumbrances” shall mean encumbrances (i) for Taxes, governmental charges, assessments or levies, provided that such Taxes, governmental charges, assessments or

levies are not yet due or are being contested in good faith by appropriate proceedings, and in any case, for which the Company has made an appropriate reserve on the Latest Balance Sheet; (ii) deposits, encumbrances or pledges to secure payments of workmen's compensation, public liability, unemployment and other similar insurance; (iii) mechanics', workmen's, materialmen's, repairmen's, warehousemen's, vendors', landlords' or carriers' encumbrances, or other similar encumbrances arising in the ordinary course of business consistent with past practices and securing sums which are not past due or are being contested in good faith by appropriate proceedings, and in any case, for which the Company has made an appropriate reserve on the Latest Balance Sheet; and (iv) encumbrances that would not be reasonably likely to have a Company Material Adverse Effect.

3.10 Absence of Certain Changes or Events; No Undisclosed Liabilities.

Except as set forth in Schedule 3.10, from April 30, 2004 and on or prior to the date of this Agreement, there has not been any: (a) event that has had or would reasonably be expected to have a Company Material Adverse Effect; (b) declaration, payment or setting aside for payment of any dividend or other distribution or any redemption or other acquisition of any shares of capital stock or securities of the Company by the Company or any split, combination or reclassification of any of the capital stock of the Company; (c) material damage or loss to any material asset or property of the Company, whether or not covered by insurance; (d) change by the Company in accounting principles or practices; (e) sale, issuance or grant of any capital stock or other security of the Company or any Subsidiary, or sale, issuance or grant of any instrument convertible into or exchangeable for any such capital stock or other security; (f) Subsidiary formed or acquired or investment made in or guarantee granted in favor of any Entity not a Subsidiary; (g) amendment to the articles of incorporation or organization, bylaws or other organizational documents of the Company or any Subsidiary; (h) increase in compensation payable to any officer, director or consultant; (i) granting to any officer, director or consultant any employment, severance or termination agreement or any increase in severance or termination pay or benefits; or (j) any delivery of a notice of default under or non-renewal of any Company Material Contract (as defined in Section 3.14 below). Except for those liabilities that are fully reflected or reserved against on the balance sheet of the Company included in its Form 10-K for the fiscal year ended April 30, 2004 (the "Company's Form 10-K") and for liabilities incurred in the ordinary course of business consistent with past practice, since April 30, 2004, neither the Company nor any Subsidiary has incurred any liability of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due) that, either individually or in the aggregate, has had or would be reasonably likely to have, a Company Material Adverse Effect.

3.11 Permits.

The Company and Subsidiaries have all permits, certificates, licenses, approvals and other authorizations required in connection with the operation of their respective businesses (collectively, the "Company Permits") except those Company Permits the absence of which would not be reasonably likely to have a Company Material Adverse Effect. Neither the Company nor any of the Subsidiaries is in violation of any Company Permit. No proceedings are pending or, to the knowledge of the Company, threatened, to revoke or limit any Company

Permit, except, in each case, those the absence or violation of which would not be reasonably likely to have a Company Material Adverse Effect.

3.12 Legal Proceedings.

(a) Except as disclosed in Schedule 3.12(a), there is no suit, action or proceeding (collectively, "Proceedings") pending or, to the knowledge of the Company, threatened against the Company or any of the Subsidiaries which, individually or in the aggregate, would be reasonably likely to have a Company Material Adverse Effect; nor is there any judgment, decree, injunction, rule or order of any Governmental Body outstanding against the Company or any Subsidiaries which, individually or in the aggregate, would be reasonably likely to have a Company Material Adverse Effect.

(b) In connection with the manufacture, sale, refurbishment, resale, marketing or distribution of the products and/or marketing, sale and provision of the services of the Company and the Subsidiaries, neither the Company nor any Subsidiary has (i) received any claim or request for compensation for alleged personal injuries, (ii) paid any settlement or other monies to a claimant to have a Proceeding or claim resolved, and/or (iii) been notified that a user of any products intends to make a claim or commence litigation, except for any of the foregoing which are not, individually or in the aggregate, reasonably likely to have a Company Material Adverse Effect.

(c) Except as disclosed in Schedule 3.12(c), to the Company's knowledge, there is no investigation of the Company's participation in and liability under the Schools and Libraries Universal Service Support Mechanism ("E-rate") administered by the Universal Services Administrative Company.

3.13 Intellectual Property.

(a) The Company or the Subsidiaries own, and/or are licensed or otherwise possess rights to use all: (i) trademarks and service marks (registered or unregistered), trade dress, trade names and other names and slogans embodying business goodwill or indications of origin, all applications or registrations in any jurisdiction pertaining to the foregoing and all goodwill associated therewith; (ii) inventions, technology, computer programs and software (including password unprotected interpretive code or source code, object code, development documentation, programming tools, drawings, specifications and data), and all applications and patents disclosed on Schedule 3.13(c) pertaining to the foregoing, including re-issues, continuations, divisions, continuations-in-part, renewals or extensions; (iii) trade secrets, including confidential and other non-public information (iv) writings, designs, software programs, mask works or other works, applications or registrations in any jurisdiction for the foregoing and all moral rights related thereto; (v) databases and all database rights; (vi) internet websites, domain names and applications and registrations pertaining thereto; and (vii) other intellectual property rights ("Company Intellectual Property") that are used in the respective businesses of the Company and the Subsidiaries as currently conducted, except for any such failures to own, be licensed or possess that would not be reasonably likely to have a Company Material Adverse Effect.

(b) There are no infringements of any Company Intellectual Property by any third party that are reasonably likely to have a Company Material Adverse Effect, and the conduct of the businesses as currently conducted or as currently planned to be conducted does not infringe any proprietary right of a third party.

(c) Schedule 3.13(c) sets forth a complete list of all patents, trademarks, registrations and pending registration applications pertaining to the Company Intellectual Property owned by the Company and the Subsidiaries (collectively, the “Registered Intellectual Property”). All such Registered Intellectual Property is owned by the Company and/or the Subsidiaries, free and clear of liens or encumbrances of any nature.

(d) Schedule 3.13(d) sets forth a complete list of all licenses, sublicenses and other agreements in which the Company or any of the Subsidiaries have granted rights to any Person to make, use, sell, distribute or service any products or services which utilize or incorporate the Company Intellectual Property and a separate list of all material licenses, sublicenses and other agreements in which the Company or any of the Subsidiaries has received rights from any person to use the Company Intellectual Property (the “Licensed Intellectual Property”). The Company will not, as a result of the execution and delivery of this Agreement, the Tender and Voting Agreement or the Acquisition Co. Option Agreement, or the performance of its obligations under this Agreement, the Tender and Voting Agreement or the Acquisition Co. Option Agreement, be in breach of any license, sublicense or other agreement relating to the Licensed Intellectual Property.

(e) The Company and the Subsidiaries own or have the right to use all computer software currently used in and material to the businesses, except for any failures to own or rights of use that would not be reasonably likely to have a Company Material Adverse Effect.

3.14 Contracts.

Neither the Company nor any Subsidiary nor, to the knowledge of the Company, any counterparty to any Company Material Contract, is in violation or breach of or default under any such Company Material Contract where such violation or breach would be reasonably likely to have a Company Material Adverse Effect. “Company Material Contract” shall mean any and all of the following written or oral notes, bonds, mortgages, indentures, contracts, subcontracts, leases, subleases, licenses, instruments, insurance policies, agreements or binding understandings (“Contracts”): (i) any employment or severance Contract with a current or former employee, officer or director of the Company or any Subsidiary which will require the payment of amounts by the Company or any Subsidiary, as applicable, after the date hereof; (ii) any consulting or other Contract (excluding employment or severance contracts) with a current or former employee, officer or director of the Company or any Subsidiary, as applicable, which requires payment of amounts by the Company or any Subsidiary, as applicable, after the date hereof in excess of \$50,000; (iii) any collective bargaining Contract with any labor union; (iv) any Contract for capital expenditures or the acquisition or construction of fixed assets which requires aggregate future payments in excess of \$50,000; (v) any Contract containing covenants of the Company or any Subsidiary (A) to indemnify or hold harmless another Person, unless such indemnification or hold harmless obligation to such Person, or group of Persons, as the case may be, is less than \$50,000 or (B) not to (or otherwise restricting or limiting the ability of the

Company or any of the Subsidiaries to) solicit or hire any individual or compete in any line of business or geographic area, and each of such Contracts described in this Section 3.14(v)(B) are listed in Schedule 3.14 hereto; (vi) any Contract requiring aggregate future payments or expenditures in excess of \$50,000 and relating to cleanup, abatement, remediation or similar actions in connection with environmental liabilities; (vii) any license, royalty Contract or other Contract with respect to Company Intellectual Property that grants to a third party any rights to such intellectual property; (viii) any Contract pursuant to which the Company or any Subsidiary has entered into a partnership or joint venture with any other Person (other than the Company or any Subsidiary); (ix) any indenture, mortgage, loan or credit Contract under which the Company or any Subsidiary has outstanding indebtedness or any outstanding note, bond, indenture or other evidence of indebtedness for borrowed money or otherwise, or guaranteed indebtedness for money borrowed by others; (x) any Contract under which the Company or any Subsidiary is (A) a lessee or sublessee of real property, (B) a lessee of, or holds or uses, any machinery, equipment, vehicle or other tangible personal property owned by a third person or entity, (C) a lessor or sublessor of real property, or (D) a lessor of any tangible personal property owned by the Company or any Subsidiary, in any case referred to in clauses (B) or (D) only those Contracts which require annual payments in excess of \$50,000; (xi) any Contract under which the Company or any Subsidiary is a purchaser or supplier of goods and services which, pursuant to the terms thereof, requires payments by the Company or any Subsidiary in excess of \$50,000 per annum; (xii) any material Contract between the Company and any Subsidiary; (xiii) any Contract which requires payments by or to the Company or any Subsidiary in excess of \$50,000 per annum containing "change of control" or similar provisions; and (xiv) any Contract relating to the acquisition or disposition of any business or any assets (whether by merger, sale of stock or assets or otherwise), and (xv) any other Contract the termination or breach of which, or the failure to obtain consent in respect of, is reasonably likely to have a Company Material Adverse Effect.

3.15 Employee-Benefit Plans.

Schedule 3.15 contains a complete and accurate list of all Benefit Plans (as defined below) maintained or contributed to by the Company or any Subsidiary (each a "Company Benefit Plan"). A "Benefit Plan" shall include: (i) an employee-benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, together with all regulations thereunder ("ERISA"); and (ii) whether or not described in the preceding clause, any pension, profit-sharing, stock-bonus, deferred or supplemental compensation, retirement, thrift, stock-purchase or stock-option plan, "cafeteria plan" (as defined in Code Section 125), change-in-control agreement, severance-pay plan and any other compensation, welfare, fringe-benefit or retirement plan, program, policy or arrangement providing for benefits for or the welfare of any or all of the current or former employees, directors or agents of the Company, the Subsidiaries or any of their respective beneficiaries or dependents; *provided, however*, that "Benefit Plans" shall not include any multiemployer plan, as defined in Section 3(37) of ERISA, nor any periodic wage or salary, bonus or other incentive compensation arrangement providing non-deferred compensation for the current services of employees. Except as disclosed on Schedule 3.15, neither the Company nor any Subsidiary contributes to, or has any outstanding liability with respect to, any multiemployer plan. Neither the Company nor any of the Subsidiaries maintains or contributes to any defined benefit pension plan subject to ERISA Title IV, or has any outstanding liability with respect to any such plan. Each Company Benefit

Plan has been maintained in compliance with its terms and all applicable Law, except where the failure to do so would not be reasonably likely to result in a Company Material Adverse Effect. There is no pending or, to the Company's knowledge, threatened Proceeding or claim against, or with respect to, any Company Benefit Plan (other than routine claims for benefits) that would be reasonably likely to result in a Company Material Adverse Effect.

3.16 Customers and Suppliers.

Since October 31, 2004, there has been no termination, cancellation or material curtailment of the business relationship of the Company or any Subsidiary with any customer or supplier or group of affiliated customers or suppliers which, individually or in the aggregate, would result in a Company Material Adverse Effect nor has there been any written notice of intent to so terminate, cancel or materially curtail which would have such a Company Material Adverse Effect.

3.17 Taxes.

(a) The Company and each Subsidiary has timely filed, or caused to be timely filed all Tax Returns (as defined below) required to be filed by it, and such Tax Returns are true, correct and complete in all material respects. The Company and each Subsidiary has paid, collected or withheld, or caused to be paid, collected or withheld, all amounts of Taxes (as defined below) required to be paid, collected or withheld, other than any such Taxes that are being contested in good faith or for which adequate reserves have been established in the financial statements contained in the Company SEC Documents. There are no claims or assessments pending against the Company or any of the Subsidiaries for any alleged deficiency in any Tax, and the Company has not been notified in writing of any proposed Tax claims or assessments against the Company or any Subsidiary (other than claims or assessments that, in ease case, are being contested in good faith, are immaterial in amount or for which adequate reserves have been established in the Company Financial Statements). Neither the Company nor any Subsidiary has waived or extended any applicable statute of limitations to assess any Taxes. There are no outstanding requests by the Company or any Subsidiary for any extension of time within which to file any Tax Return or within which to pay any Taxes shown to be due on any return. To the Company's knowledge, there are no liens for Taxes on the assets of the Company or any Subsidiary, except for any statutory liens for current Taxes not yet due and payable. For purposes of this Agreement, the term "Tax" shall mean any federal, state, local, foreign or provincial income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or added minimum, *ad valorem*, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty imposed by any Governmental Body. The term "Tax Return" shall mean a report, return or other information (including any attached schedules or any amendments to such report, return or other information) required to be supplied to or filed with a Governmental Body with respect to any Tax, including an information return, claim for refund, amended return or declaration or estimated Tax.

(b) The Company has properly accrued and reflected on the Latest Balance Sheet, and has thereafter properly accrued all liabilities for Taxes, all such accruals being in the aggregate sufficient for payment of all such Taxes.

(c) The Company will timely and properly file or cause to be filed all Tax Returns which it is or will be required to file on or before the Closing Date, all such Tax Returns to be true, correct and complete in all material respects, and will pay or cause to be paid in full when due all Taxes, if any, which become due and payable pursuant to such Tax Returns or assessments received by it on or before the Closing Date, except for any such assessments that, in each case, are being contested in good faith, are immaterial in amount or for which adequate reserves will have been properly accrued as provided in paragraph (b) above.

(d) Neither the Company nor any of the Subsidiaries has ever been a member of an affiliated group of corporations (within the meaning of Section 1504 of the Code) other than an affiliated group of which the Company is the common parent. Neither the Company nor any Subsidiary (i) is a party to, is bound by or has any Obligation under any Tax-sharing agreement or similar agreement or arrangement other than one that is solely between the Company and one or more Subsidiary or (ii) has any liability for Taxes of any party (other than the Company or any Subsidiary) under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign law, as a transferee or successor, by contract or otherwise.

(e) No audits or other administrative Proceedings or court Proceedings are pending or, to the Company's knowledge, threatened with regard to any Taxes or Tax Return of the Company, any Subsidiary or any affiliated, consolidated, combined or unitary group of Entities of which the Company or any Subsidiary is a member and, to the knowledge of the Company, no material issues have been raised by any Tax authority in connection with any Tax or Tax Return that have not been conclusively resolved.

(f) The Company and each Subsidiary has disclosed on its respective income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Section 6662 of the Code.

(g) Neither the Company nor any Subsidiary has made nor is obligated to make a payment that would not be deductible by reason of Section 280G of the Code.

(h) To the Company's knowledge, no claim has ever been made by a taxing authority in a jurisdiction, where either the Company or any Subsidiary does not file Tax Returns, that it is or may be subject to taxation in that jurisdiction, except for any such claim that has been conclusively resolved.

3.18 Insurance.

Schedule 3.18 sets forth a true and complete list of all insurance policies carried by, or covering the Company or any of the Subsidiaries with respect to their businesses, assets and properties and with respect to which records are maintained at the Company's principal executive offices, together with, in respect of each such policy, the amount of coverage and the deductible. The Company and the Subsidiaries maintain insurance policies against all material risk, including without limitation business-interruption insurance, and in such amounts as are usually insured against by similarly situated companies in the same or similar businesses. Each insurance policy set forth on Schedule 3.18 is in full force and effect and all premiums due thereon have been paid in full.

3.19 Questionable Payments.

No current or former director, officer or employee of the Company or any Subsidiary or representative or agent authorized to act on behalf of the Company or any Subsidiary (when any such person is acting in such capacity or otherwise on behalf of any of the Company or any Subsidiary or any of their predecessors), (a) has used or is using any corporate funds for any illegal contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) has used or is using any corporate funds for any direct or indirect unlawful payments to any foreign or domestic government officials or employees; (c) has violated or is violating any provision of the Foreign Corrupt Practices Act of 1977; (d) has established or maintained, or is maintaining, any unlawful or unrecorded fund of corporate monies or other properties; (e) has made at any time, any false or fictitious entries on the books and records of the Company or any Subsidiary; or (f) has made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment of any nature using corporate funds or otherwise on behalf of any of the Acquired Companies; or (g) during the past three years has made any material favor or gift that is not deductible for federal income-tax purposes using corporate funds or otherwise on behalf of the Company or any Subsidiary.

3.20 Related Party and Affiliate Transactions.

Since the date of the Company's last proxy statement filed with the SEC on August 10, 2004, no event has occurred that would be required to be reported by the Company pursuant to Item 404 of Regulation S-K promulgated by the SEC. The Company's Form 10-K contains a list or description of each employment, consulting or severance agreement currently in effect with any current or former officer or director of the Company. True, correct and complete copies of such agreements have been provided to Parent.

3.21 Takeover Laws.

Neither the Company nor any Subsidiary is subject to any "moratorium," "control-share," "fair price" or other anti-takeover laws or regulations of any state (including any provisions of the MBCA) or any similar charter or bylaw provisions (collectively the "Takeover Laws") that would affect this Agreement, the Tender and Voting Agreement or the Acquisition Co. Option Agreement or the transactions contemplated hereby or thereby, including the Offer and the Merger. The Company's board of directors (or the Special Committee) has approved the Offer, the Merger, this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement and the transactions contemplated hereby or thereby for the purpose of such Takeover Laws and in compliance therewith. Prior to the execution of this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement, the Company's board of directors and Special Committee approved the Tender and Voting Agreement and the Acquisition Co. Option Agreement and the transactions contemplated hereby or thereby.

3.22 Sections 302A.671, 302A.673 and 302A.675 of the MBCA Not Applicable.

As of the date hereof and at all times on or prior to the Effective Time, the Company's board of directors and Special Committee has taken and will take all actions so that the restrictions and requirements applicable to business combinations, acquisitions of control shares

and takeover offers contained in Sections 302A.671, 302A.673 and 302A.675 of the MBCA are, and will be, inapplicable to the execution, delivery and performance of this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement and the consummation of the Offer, the Merger and the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement. No other state takeover statute, rule or regulation or charter or bylaw provision applies or purports to apply to this Agreement, the Tender and Voting Agreement, the Acquisition Co. Option Agreement or the consummation of the Offer, the Merger or the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement.

3.23 Vote Required.

If required under applicable Law, the affirmative vote of the holders of a majority of the shares of Company Common Stock outstanding on the record date for the Company Shareholder Meeting (as defined in Section 6.1 below), and entitled to vote (the “Required Company Shareholder Vote”), is the only vote of the holders of any class or series of the Company’s capital stock necessary to adopt this Agreement, approve the Merger or consummate any of the other transactions contemplated hereby.

3.24 Fairness Opinion.

The Company’s has received the opinion of KeyBanc Capital Markets, a division of McDonald Investments Inc. (“Key”), dated the date of this Agreement, to the effect that, as of such date, the Per-Share Amount is fair, from a financial point of view, to the Company’s shareholders, a signed copy of which opinion will be made available to Parent promptly after the date hereof. The Company has been authorized by Key to include such opinion in the Schedule TO, Schedule 14D-9 and the Proxy Statement (as defined in Section 3.26 below).

3.25 Financial Advisory Fees.

Except as set forth in Schedule 3.25, no broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the Offer, the Merger or any of the other transactions contemplated by this Agreement, the Tender and Voting Agreement or the Acquisition Co. Option Agreement based upon arrangements made by or on behalf of the Company. The Company has furnished to Parent accurate and complete copies of all agreements under which all fees, commissions and other amounts have been paid or may become payable and all indemnification and other agreements related to the engagement of Key.

3.26 Disclosure Documents.

Subject to Parent’s and Acquisition Co.’s fulfillment of their respective obligations with respect thereto, the Schedule 14D-9 and any proxy statement to be sent to the Company’s shareholders in connection with the Company Shareholder Meeting (the “Proxy Statement”) will contain (and will be amended in a timely manner so as to contain) all information which is required to be included therein in accordance with the Exchange Act and the rules and regulations thereunder and any other applicable Law and will conform in all material respects with the requirements of the Exchange Act and any other applicable Law, and neither the

Schedule 14D-9 nor the Proxy Statement will, at the respective times they are filed with the SEC or published, sent or given to Company's shareholders, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading; *provided, however*, that no representation or warranty is hereby made by the Company with respect to any information supplied by Parent or Acquisition Co. in writing for inclusion in, or with respect to Parent or Acquisition Co. information derived from Parent's public SEC filings which is included or incorporated by reference in, the Schedule 14D-9 or the Proxy Statement. None of the information supplied or to be supplied in writing by Company for inclusion or incorporation by reference in, or which may be deemed to be incorporated by reference in, any of the Offer Documents will, at the respective times the Offer Documents are filed with the SEC or published, sent or given to Company's shareholders, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

3.27 Real Property.

(a) With respect to each parcel of real property owned by the Company or any of the Subsidiaries (collectively, the "Owned Real Property"): (i) the Company or any of the Subsidiaries, as the case may be, has good and marketable indefeasible fee simple title, free and clear of all liens, charges, mortgages, security interests and encumbrances, except (A) Permitted Encumbrances; (B) easements for the erection and maintenance of public utilities exclusively serving the properties; or (C) other easements and encumbrances affecting the properties so long as same do not render title to the Owned Real Property unmarketable or uninsurable; (ii) neither the Company nor any of the Subsidiaries, as the case may be, has leased or otherwise granted to any Person the right to use or occupy such Owned Real Property or any portion thereof; (iii) there are no outstanding options, rights of first offer, rights of reverter or rights of first refusal to purchase such Owned Real Property or any portion thereof or interest therein; and (iv) neither the Company nor any of the Subsidiaries is a party to any agreement or option to purchase any real property or interest therein.

(b) With respect to each premises leased by the Company or any of the Subsidiaries (collectively, the "Leased Real Property"), the Company or any of the Subsidiaries, as the case may be, has delivered or made available to Parent and Acquisition Co. a true and complete copy of all leases, subleases, licenses or other agreement including all amendments, extensions, renewals or guaranties thereof ("Leases") for such Leased Real Property. Except as indicated on Schedule 3.27(b), with respect to each of the aforementioned Leases: (i) such Lease is legal, valid, binding, enforceable and in full force and effect; (ii) the transactions contemplated by this Agreement, the Tender and Voting Agreement or the Acquisition Co. Option Agreement do not require the consent of any other party to such Lease, will not result in a breach of or default under such Lease, or otherwise cause such Lease to cease to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing; (iii) there are no material disputes with respect to such Lease; (iv) neither the Company nor any of the Subsidiaries, as the case may be, nor, to the knowledge of the Company or any of the Subsidiaries, as the case may be, any other party to the Lease is in breach or default under such Lease, and no event has occurred or failed to occur or circumstance exists which, with the

delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Lease; (v) no security deposit or portion thereof deposited with respect to such Lease has been applied in respect of a breach or default under such Lease which has not been redeposited in full; (vi) neither the Company nor any of the Subsidiaries, as the case may be, owes, nor will it owe in the future, any brokerage commissions or finder's fees with respect to such Lease; (vii) the other party to such Lease is not an affiliate of, and otherwise does not have any economic interest in, the Company or any of the Subsidiaries; (viii) neither the Company nor any of the Subsidiaries, as the case may be, has subleased, licensed or otherwise granted any Person the right to use or occupy such Leased Real Property or any portion thereof; (ix) neither the Company nor any of the Subsidiaries, as the case may be, has collaterally assigned or granted any other security interest in such Lease or any interest therein; and (x) there are no Liens on the estate or interest created by such Lease, other than, in the case of (i) through (x) above, for any such case where there is no current or reasonably likely material interference with the operations conducted at the Leased Real Property as presently conducted (or as would be conducted at full capacity).

(c) The Company's and each Subsidiary's current use of the Leased Real Property is in material compliance with applicable Law and any applicable restrictions of record, and neither the Company nor any Subsidiary has received any notice of a material violation of any such Law or restriction with respect to the Leased Real Property that has not been cured.

(d) Neither the Company nor any of the Subsidiaries, as the case may be, has received any notice from any insurance company of any material defects or inadequacies in the Owned Real Property or Leased Real Property or any part thereof, which would materially and adversely affect the insurability of the same or of any termination or threatened (in writing) termination of any policy of insurance.

3.28 Environmental Matters.

(a) (i) The operations of the Company and the Subsidiaries are, and at all times since January 1, 2001, have been in material compliance with all applicable Environmental Laws, including possession and compliance with the terms of all permits required by Environmental Laws and, to the knowledge of the Company and the Subsidiaries, there are no facts or circumstances that would materially increase the cost of maintaining such compliance in the future, (ii) there are no pending, or to the knowledge of the Company, threatened suits, actions, investigations or Proceedings under or pursuant to Environmental Laws by the Environmental Protection Agency or any other Governmental Body or any other Person against the Company or any of the Subsidiaries or involving any real property currently or, to the knowledge of the Company, formerly owned, operated or leased or other sites at which Hazardous Materials were disposed of by the Company or any of the Subsidiaries, (iii) the Company and the Subsidiaries have not received any written allegations of any Environmental Liabilities and, no facts, circumstances or conditions relating to, associated with or attributable to any real property currently or to the Company's knowledge formerly owned, operated or leased by the Company or any of the Subsidiaries or the Company's or any Subsidiary's operations thereon has resulted in or is reasonably likely to result in Environmental Liabilities, (iv) all real property owned or operated by the Company or any of the Subsidiaries is free of contamination from Hazardous Materials that is reasonably likely to create material liability for clean-up or

remediation under Environmental Laws, and (v) all material environmental reports, assessments and data produced in the last five years and in the possession or control of the Company or the Subsidiaries have been provided to Parent.

(b) Without in any way limiting the generality of the foregoing, (i) there is no friable asbestos contained in space currently owned or leased by the Company or any of the Subsidiaries; and (ii) other than in fluorescent lighting or power company-owned transformers, no polychlorinated biphenyl's (PCB's) are used or stored at any property currently owned or leased by the Company or any of the Subsidiaries.

(c) "Environmental Laws" shall mean any and all applicable federal, state, foreign, interstate, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, injunctions, decrees, requirements of any Governmental Body, any and all common law requirements, rules and bases of liability regulating, relating to, or imposing liability or standards of conduct concerning (i) pollution, (ii) any materials or wastes defined, listed, classified or regulated as hazardous or toxic, or as a pollutant or contaminant including petroleum, petroleum products, friable asbestos, urea formaldehyde, radioactive materials and polychlorinated biphenyls including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C., Section 136 et seq., the Oil Pollution Act of 1990, 33 U.S.C. Section 2701 et seq., and the Endangered Species Act (16 U.S.C. Section 1531 et seq.) as such laws have been amended or supplemented and the regulations promulgated pursuant thereto, and all analogous state or local statutes. "Environmental Liabilities" with respect to any Person shall mean any and all liabilities of such Person or any of its subsidiaries (including any entity which is, in whole or in part, a predecessor of such Person or any of such subsidiaries), which (i) arise under or are based upon Environmental Laws and (ii) relate to actions occurring or conditions existing on or prior to the Closing Date. "Hazardous Materials" shall mean any materials or wastes, defined, listed, classified or regulated as hazardous, toxic, a pollutant, or a contaminant regulated under any Environmental Laws including, but not limited to, petroleum, petroleum products, friable asbestos, urea formaldehyde, radioactive materials and polychlorinated biphenyls.

3.29 Labor Matters.

(a) Except as set forth on Schedule 3.29, as of the date hereof, (i) no work stoppage, slowdown, lockout, labor strike, arbitration or other labor dispute against the Company or any of the Subsidiaries is pending or, to the knowledge of the Company, threatened, (ii) no unfair labor practice charges, grievances or complaints are pending or, to the knowledge of the Company, threatened against the Company or any of the Subsidiaries, (iii) neither the Company nor any of the Subsidiaries is delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for it or amounts required to be reimbursed to such employees, (iv) neither the Company nor any of the Subsidiaries is liable for any payment to any trust or other fund or to any Governmental Body, with respect to unemployment compensation benefits, social security or other benefits or

obligations for employees (other than routine payments to be made in the ordinary course of business consistent with past practice), (v) no employee of the Company or any of the Subsidiaries, at the officer level or above, has given notice to the Company or any of the Subsidiaries that any such employee intends to terminate his or her employment with the Company or any of the Subsidiaries, (vi) no employee of the Company or any of the Subsidiaries is in any respect in violation of any term of any (A) employment contract where such failure would be reasonably likely to have a Company Material Adverse Effect, (B) nondisclosure agreement, (C) common law nondisclosure obligations, (D) non-competition agreement, or (E) any restrictive covenant to a former employer relating to the right of any such employee to be employed by the Company or any of the Subsidiaries because of the nature of the business conducted or presently proposed to be conducted by the Company or any of the Subsidiaries or to the use of trade secrets or proprietary information of others, (vii) neither the Company nor any of the Subsidiaries is a party to, or otherwise bound by, any consent decree with any Governmental Body relating to employees or employment practices; (viii) the Company and each of the Subsidiaries are in material compliance with all applicable Law respecting labor and employment, including terms and conditions of employment, workers' compensation, occupational safety and health requirements, immigration, plant closings and layoffs, wages and hours, employment discrimination, disability rights or benefits, equal opportunity, affirmative action, employee benefits, severance payments, labor relations, employee leave issues and unemployment insurance and related matters; and (ix) there are no complaints, charges or claims against the Company or any of the Subsidiaries pending with or, to the knowledge of the Company, threatened by any Governmental Entity or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment of any employees by the Company and or any of the Subsidiaries.

(b) Except as set forth on Schedule 3.29, the execution of this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement and the consummation of the transactions contemplated hereby and thereby will not result in a material breach or other violation of any collective bargaining agreement or any other employment contract to which the Company or any of the Subsidiaries is a party.

(c) Except as set forth on Schedule 3.29, as of the date hereof, (i) neither the Company nor any of the Subsidiaries is a party to, or otherwise bound by, any collective bargaining agreement or any other agreement with a labor union, labor organization or works council, nor are any such agreements presently being negotiated; (ii) none of the employees of the Company or any of the Subsidiaries is represented by any labor union, labor organization or works council in their capacities as employees of the Company or any of the Subsidiaries; (iii) no labor union, labor organization or works council or group of employees of the Company or any of the Subsidiaries has made a pending demand for recognition or certification to the Company or any of the Subsidiaries, and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or, to the knowledge of the Company, threatened in writing to be brought or filed with the National Labor Relations Board or any other labor relations tribunal or authority; or (iv) to the knowledge of the Company, no labor union, labor organization or works council is seeking to organize any employees of the Company or any of the Subsidiaries.

3.30 Rights Agreement.

The Company has taken all necessary action to ensure that, for purposes of the Rights Agreement, as amended on the date hereof (a copy of which amendment has been provided to Parent), neither the Parent nor Acquisition Co. will become an “Acquiring Person,” the execution, delivery and performance of this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement do not, and the announcement, commencement or consummation of the Offer, the Merger and the other transactions contemplated hereby or by the Voting and Tender Agreements or the Acquisition Co. Option Agreement (including pursuant to any amendment thereto) will not, result in the grant of any rights to any Person under the Rights Agreement or enable, require or cause the rights thereunder to be exercised, distributed or triggered, and that the Rights will expire without any further force or effect as of the Effective Time. Other than the Parent and Acquisition Co. and their affiliates, the Company (or the Company’s board of directors) has not exempted or taken any action similar to exempting any Person or Entity from potential application of the Rights Agreement.

3.31 Disclaimer of Other Representations and Warranties.

The Company does not make, and has not made, any representations or warranties in connection with the Offer or the Merger other than those expressly set forth herein. It is understood that any data, any financial information or any memoranda, offering materials or presentations previously submitted to Parent are not and shall not be deemed to be or to include representations or warranties of the Company. Except as expressly set forth herein, no Person has been authorized by the Company to make any representation or warranty relating to the Company or any Subsidiary thereof or their respective businesses, or otherwise in connection with the Offer or the Merger and, if made, such representation or warranty may not be relied upon as having been authorized by the Company.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF PARENT AND ACQUISITION CO.

Parent and Acquisition Co. jointly and severally represent and warrant to the Company as follows:

4.1 Due Organization.

Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Acquisition Co. is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota.

4.2 Authority; Binding Nature of Agreement.

Parent and Acquisition Co. have the corporate right, power and authority to perform their obligations under this Agreement; and the execution, delivery and performance by Parent and Acquisition Co. of this Agreement have been duly authorized by all necessary action on the part of Parent and Acquisition Co. and their respective boards of directors. This Agreement constitutes the legal, valid and binding obligation of Parent and Acquisition Co., enforceable against them in accordance with its terms. No vote of the holders of Parent’s securities is

required to adopt this Agreement, approve the Merger or permit the consummation of any of the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement.

4.3 Non-Contravention; Consents.

Neither the execution and delivery of this Agreement by Parent and Acquisition Co. nor the consummation by Parent and Acquisition Co. of the Offer or the Merger will (a) conflict with or result in any breach of any provision of the certificate or articles of incorporation or bylaws of Parent or Acquisition Co., (b) result in a default by Parent or Acquisition Co. under any contract to which Parent or Acquisition Co. is a party, except for any default that has not had and will not have a material adverse effect on the ability of Parent and Acquisition Co. to consummate the Offer or the Merger, or (c) result in a violation by Parent or Acquisition Co. of any order, writ, injunction, judgment or decree to which Parent or Acquisition Co. is subject, except for any violation that has not had and will not have a material adverse effect on the ability of Parent and Acquisition Co. to consummate the Offer or the Merger. Except as may be required by the Securities Act, the Exchange Act, state securities or “blue sky” laws, the MBCA, Chapter 80B of the Minnesota Statutes any antitrust law or regulation (including the HSR Act) and the rules of the NASD, Parent is not and will not be required to make any filing with or give any notice to, or to obtain any Consent from, any Person in connection with the execution, delivery or performance of this Agreement or the consummation of the Offer or the Merger.

4.4 Disclosure Documents.

None of the information supplied or to be supplied in writing by or on behalf of Parent for inclusion in the Offer Documents will, at the time the Offer Documents are mailed to the shareholders of the Company or at any time between the time the Offer Documents are mailed to the shareholders of the Company and the acceptance of shares of Company Common Stock pursuant to the Offer, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. None of the information supplied or to be supplied in writing by or on behalf of Parent for inclusion in the Proxy Statement will, at the time the Proxy Statement is mailed to the shareholders of the Company or at the time of the Company Shareholder Meeting (or any adjournment or postponement thereof), if required, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

4.5 Sufficient Funds.

Acquisition Co. has, or will have prior to the consummation of the Offer, sufficient liquid cash funds available to permit Acquisition Co. to satisfy the obligation to pay for shares of Company Common Stock in the Offer and to pay the Merger Consideration in the Merger, including the aggregate Cash Amount payable to holders of Company Options, pursuant to the terms and conditions of this Agreement.

ARTICLE 5
CERTAIN COVENANTS OF THE COMPANY

5.1 Access and Investigation.

During the period from the date hereof through the Closing of the Merger (the "Pre-Closing Period"), the Company shall, and shall cause the respective Representatives of the Company and Subsidiaries to: (a) provide Parent and Parent's Representatives with reasonable access to the Acquired Companies' Representatives, personnel and assets and to all existing books, records, Tax Returns, work papers and other documents and information relating to the Acquired Companies; (b) provide Parent and Parent's Representatives with such copies of the existing books, records, Tax Returns, work papers and other documents and information relating to the Acquired Companies, and with such additional financial, operating and other data and information regarding the Acquired Companies and their financial condition, as Parent may reasonably request; and (c) fully cooperate with Parent in its reasonable investigation of the businesses of the Acquired Companies. Without limiting the generality of the foregoing, during the Pre-Closing Period, the Company shall furnish promptly to Parent (i) a copy of each report, schedule, registration statement and other document filed by the Company during the Pre-Closing Period with the SEC, and (ii) all other information concerning its business, properties and personnel as Parent may reasonably request. In addition, the Company shall during the Pre-Closing Period give prompt written notice to Parent, and the Parent shall during the Pre-Closing Period give prompt written notice to the Company, if it becomes aware of (A) any representation or warranty made by it contained in this Agreement becoming untrue or inaccurate in any material respect, (B) the failure by it to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement, (C) the occurrence of an event or circumstance that could be reasonably expected to make the timely satisfaction of any of the conditions set forth in Annex I impossible or unlikely or that has had or would reasonably be expected to have a Company Material Adverse Effect, and (D) the commencement of any litigation or Proceeding against the Company, Parent or Acquisition Co.

5.2 Operation of the Business.

Unless Parent shall otherwise agree in writing and except as expressly contemplated by this Agreement or in the disclosure schedules (the inclusion of any such item constituting a consent to such matter by Parent and Acquisition Co.), during the Pre-Closing Period the Company shall conduct, and it shall cause the Subsidiaries to conduct, its or their businesses in the ordinary course and consistent with past practice, and the Company shall, and it shall cause each of the Subsidiaries to, use its reasonable best efforts to preserve intact its business organization, to keep available the services of its officers and employees and to maintain satisfactory relationships with all Persons with whom it does business. Without limiting the generality of the foregoing, neither the Company nor any of the Subsidiaries will:

(a) amend or propose to amend its articles of incorporation or bylaws (or comparable governing instruments);

(b) authorize for issuance, issue, grant, sell, pledge, dispose of or propose to issue, grant, sell, pledge or dispose of any shares of, or any options, warrants, commitments,

subscriptions or rights of any kind to acquire or sell any shares of, the capital stock or other securities of the Company or any Subsidiary, including but not limited to any securities convertible into or exchangeable for shares of stock of any class of the Company or any such Subsidiaries, except for the issuance of Company Common Stock pursuant to the exercise of stock options or warrants outstanding on the date of this Agreement in accordance with their present terms;

(c) amend or waive any of its rights under any provision of any of the Company Stock Option Plans (provided that, notwithstanding anything in this Agreement to the contrary, the Company may accelerate vesting under any or all of the Company Options), any provision of any agreement evidencing any outstanding stock option or any restricted stock purchase agreement, or otherwise modify any of the terms of any outstanding option, warrant or other security or any related contract, in each case with respect to the capital stock of the Company or the Acquired Companies;

(d) split, combine or reclassify any shares of its capital stock or declare, pay or set aside any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock, other than dividends or distributions to the Company or a Subsidiary, or directly or indirectly redeem, purchase or otherwise acquire or offer to acquire any shares of its capital stock or other securities;

(e) create, incur or assume any debt, except for (i) debt in an aggregate amount not to exceed \$1,000,000, (ii) refinancing of existing obligations on terms that are no less favorable to the Company or the Subsidiaries than the existing terms; (iii) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, indirectly, contingently or otherwise) for the obligations of any Person; (iv) make any capital expenditures or make any loans, advances or capital contributions to, or investments in, any other Person (other than to a Subsidiary and customary travel, relocation or business advances to employees); (v) acquire the stock or assets of, or merge or consolidate with, any other Person; (vi) voluntarily incur any material liability or obligation (absolute, accrued, contingent or otherwise); or (vii) sell, transfer, mortgage, pledge or otherwise dispose of, or encumber, or agree to sell, transfer, mortgage, pledge or otherwise dispose of or encumber, any assets or properties, real, personal or mixed material to the Company and the Subsidiaries taken as a whole other than to secure debt permitted under (i) and (ii) of this paragraph (e);

(f) increase in any manner the compensation of any of its officers or employees or enter into, establish, amend or terminate any employment, consulting, retention, change-in-control, collective-bargaining, bonus or other incentive compensation, profit-sharing, health or other welfare, stock-option or other equity, pension, retirement, vacation, severance, deferred compensation or other compensation or benefit plan, policy, agreement, trust, fund or arrangement with, for or in respect of, any shareholder, officer, director, other employee, agent, consultant or affiliate other than as required pursuant to the terms of agreements in effect on the date of this Agreement, other than increases in the salaries or wages of present employees (other than executives, officers and directors) in the ordinary course of business and consistent with past practice;

(g) make or rescind any material Tax election or settle or compromise any material Tax liability of the Company or of any Acquired Company;

(h) (i) commence or settle any material Proceeding, or (ii) pay, discharge or satisfy any material claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction of claims, liabilities or obligations either (A) reflected or reserved against in the Latest Balance Sheet; or (B) in an aggregate amount not to exceed \$100,000;

(i) adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization or any agreement relating to an Acquisition Proposal;

(j) permit any material insurance policy naming it as a beneficiary or a loss payable payee to be cancelled or terminated without notice to Parent;

(k) enter into any agreement, understanding or commitment that restrains, limits or impedes, in any material respect, the ability of any Acquired Company to compete with or conduct any business or line of business;

(l) plan, announce, implement or effect any reduction in force, lay-off, early retirement program, severance program or other program or effort concerning the termination of employment of employees of the Company or the Subsidiaries generally;

(m) take any action that could be reasonably expected to result in any of the conditions to the Offer set forth in Annex I not being satisfied;

(n) take any action that could reasonably be expected to require the Company to become obligated to pay any severance due to a change-in-control or similar provision in any Contract; or

(o) bid, make any proposal to obtain, agree, commit or execute any Contract to perform or to provide any product or service in connection with any E-rate program other than with respect to legally binding obligations existing on the date of this Agreement to be performed in accordance with all applicable Law.

The Company shall, and the Company shall cause each Subsidiary to, use its reasonable best efforts to comply in all respects with all Laws applicable to it or any of its properties, assets or business and maintain in full force and effect all the Permits necessary for, or otherwise material to, such business.

5.3 No Solicitation.

(a) For purposes of this Agreement, an "Alternative Transaction" shall mean any of the following transactions: (i) any transaction or series of related transactions with one or more third Persons involving (A) any purchase from such party or acquisition (whether by way of a merger, share exchange, consolidation, business combination, consolidation or similar transaction) by any Person or "group" of Persons (as defined under Section 13(d) of the

Exchange Act and the rules and regulations thereunder) of more than a 25% interest in the total outstanding voting securities of such party or any tender offer or exchange offer that, if consummated, would result in any Person or group of Persons beneficially owning 25% or more of the total outstanding voting securities of such party or any merger, consolidation, business combination or similar transaction involving such party, or (B) any sale, lease, exchange, transfer, license, acquisition or disposition of more than 25% of the aggregate fair market value of the consolidated assets of such party and its subsidiaries, taken as a whole, immediately prior to such sale, lease, exchange, transfer, license, acquisition or disposition; or (ii) any liquidation or dissolution of such party. "Alternative Transaction Proposal" means any offer, inquiry, proposal or indication of interest (whether binding or non-binding) to any Person or its shareholders relating to an Alternative Transaction.

(b) The Company shall not, nor shall it permit any Subsidiary to, nor shall it authorize or permit any of its or any Subsidiary's officers, directors, employees, representatives, investment bankers, financial advisers, accountants and agents (collectively, "Representatives"), directly or indirectly, to: (i) solicit, initiate or encourage (including by way of furnishing information), or take any other action to, or which is designed or reasonably likely to, facilitate, induce or encourage any inquiries with respect to, or the making of any proposal which constitutes, or may reasonably be expected to lead to, any Alternative Transaction Proposal; (ii) participate in any discussion or negotiations regarding or facilitate any effort or attempt to make any Alternative Transaction Proposal (except to the extent necessary to disclose the Company's obligations under this Section 5.3); (iii) approve, endorse or recommend any Alternative Transaction Proposal, except to the extent permitted pursuant to paragraph (d) below; or (iv) enter into any letter of intent or similar document or any contract, agreement or commitment (whether binding or not) contemplating or otherwise relating to any possible or proposed Alternative Transaction Proposal; *provided, however*, that the covenants and obligations of the Company under this paragraph are subject to paragraph (d) below.

(c) As promptly as reasonably practicable (and in any event within 24 hours) after receipt of any Alternative Transaction Proposal or any request for nonpublic information or any inquiry relating in any way to any Alternative Transaction Proposal, the Company shall provide Parent with oral and written notice of the material terms and conditions of such Alternative Transaction Proposal, request or inquiry, a copy of any definitive agreement regarding such Alternative Transaction Proposal and any revisions thereto, and the identity of the Person or group of Persons making any such Alternative Transaction Proposal, request or inquiry. In addition, the Company shall keep Parent informed, as promptly as reasonably practicable, in all material respects of the status and details (including amendments or proposed amendments) of any such Alternative Transaction Proposal, request or inquiry.

(d) Notwithstanding the covenants in Section 5.3(b) above, if the Company is not in breach of its covenants contained in Section 5.3(b) above (it being understood that a breach by a Subsidiary or Representative shall be deemed to be a breach by the Company for purposes of this paragraph (d)), prior to the Offer Closing Date (as defined in Section 7.3 below), in response to an unsolicited *bona fide* Alternative Transaction Proposal that the Company's board of directors determines in good faith (after receipt of advice from its outside legal counsel and in consultation with its financial advisor) constitutes or would reasonably be expected to lead to a Company Superior Proposal, the Company's board of directors may, to the extent that it

determines in good faith (after receipt of advice from its outside legal counsel) that such action is required in order to comply with its fiduciary duties under applicable Law, take the following actions to the extent reasonably necessary to satisfy such fiduciary duties (but only after giving Parent not less than 24 hours written notice of the intention to take such action and the identity of the Person or group of Persons making such Alternative Transaction Proposal): (i) furnish information with respect to the Company to any Person pursuant to a customary confidentiality agreement (as determined by the Company after consultation with its outside legal counsel) but in no event less restrictive than the Confidentiality Agreement between the Company and Parent dated as of September 21, 2004 and provided that any information provided to such Person is contemporaneously provided to Parent; and/or (ii) participate in negotiations regarding such Alternative Transaction Proposal. For purposes of this Agreement, a "Company Superior Proposal" means any *bona fide* unsolicited written Alternative Transaction Proposal made by a third party to acquire, directly or indirectly, for consideration consisting of cash and/or securities (with any financing necessary to consummate such Alternative Transaction Proposal to have been committed by a financial institution with assets of at least \$1 billion), all of the Company's capital stock then outstanding or all of the assets of the Company, and otherwise on terms which the Company's board of directors determines in its good faith judgment (based on the advice of its advisors) to be more favorable from a financial point of view to the Company's shareholders than the Offer and the Merger, as the same may be proposed to be amended (taking into account all factors relating to such proposed transaction deemed relevant by the Company's board of directors, including without limitation the amount and form of consideration, the timing of payment, the risk of consummation of the transaction, the financing thereof and all other conditions thereto).

(e) Neither the Company's board of directors nor any committee thereof shall (i) withhold, withdraw, amend or modify, or propose to withhold, withdraw, amend or modify, the approval and Company Board Recommendation, (ii) approve or recommend, or propose to approve or recommend, any Alternative Transaction or (iii) cause the Company or any Subsidiary to enter into any letter of intent, agreement in principle, acquisition agreement or other agreement with respect to an Alternative Transaction unless the Company's board of directors shall have previously terminated this Agreement pursuant to Section 8.1(g).

(f) Nothing contained in this Section 5.3 shall prohibit the Company from taking and disclosing to its shareholders a position contemplated by Rules 14d-9 and 14e-2(a) promulgated under the Exchange Act or from making any other disclosure to the Company's shareholders if, in the good faith judgment of the Company's board of directors, after receipt of advice from its outside legal counsel, failure so to disclose would create a reasonable possibility of a breach of its fiduciary duties to the Company's shareholders under applicable Law; *provided, however*, neither the Company nor its board of directors nor any committee thereof shall, except as permitted by Section 5.3(e), withdraw or modify, or propose publicly to withdraw or modify, Company Board Recommendation or approve or recommend, or propose publicly to approve or recommend, an Alternative Transaction Proposal.

ARTICLE 6
COVENANTS OF THE PARTIES

6.1 Shareholder Approval; Proxy Statement.

(a) If the adoption of this Agreement by the Company's shareholders is required by applicable Law, the Company shall, as promptly as practicable following the Offer Closing Date (as defined in Section 7.3 below), take all action necessary under all applicable Law to call, give notice of and hold a meeting of the holders of Company Common Stock to vote on the adoption of this Agreement (the "Company Shareholder Meeting").

(b) If the adoption of this Agreement by the Company's shareholders is required by Law, the Company shall, as soon as practicable following the Offer Closing Date, prepare and file with the SEC the Proxy Statement and shall use its reasonable best efforts to respond to any comments of the SEC or its staff and to cause the Proxy Statement to be mailed to the Company's shareholders, as promptly as practicable.

(c) Notwithstanding anything to the contrary contained in this Agreement, if Acquisition Co. shall own by virtue of the Offer or otherwise at least 90% of the outstanding shares of Company Common Stock (such that the conditions of Section 302A.621 of the MBCA are satisfied), the parties shall take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after the expiration date of the Offer (as such expiration date may have been extended in accordance with the terms of this Agreement) without the Company Shareholder Meeting (a "Short Form Merger").

(d) Parent agrees to cause all shares of Company Common Stock, if any, owned by Parent or any subsidiary of Parent to be voted in favor of the adoption of the Agreement at the Company Shareholder Meeting.

6.2 Regulatory Approvals.

Each party shall use its reasonable best efforts to file, as soon as practicable after the date of this Agreement, all notices, reports and other documents required to be filed by such party with any Governmental Body with respect to the Offer, the Merger and the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement, and to submit promptly any additional information requested by any such Governmental Body. Without limiting the generality of the foregoing, the Company and Parent shall, promptly after the date hereof, prepare and file any notifications required under any applicable antitrust Laws in connection with the Offer, the Merger or the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement. The Company and Parent shall respond as promptly as practicable to any inquiries or requests received from any antitrust authority or other Governmental Body in connection with antitrust or related matters. Each of the Company and Parent shall (a) give the other party prompt notice of the commencement or threat of commencement of any Proceeding by or before any Governmental Body with respect to the Offer, the Merger or any of the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement, (b) keep the other party informed as to the status of any such

Proceeding or threat, and (c) promptly inform the other party of any communication to or from any Governmental Body regarding the Offer, the Merger or any of the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement. Except as may be prohibited by any Governmental Body or by any Law, (x) each party will consult and cooperate with the other, and will consider in good faith the views of the other, in connection with any analysis, appearance, presentation, memorandum, brief, Proceeding under or relating to any foreign, federal or state antitrust or fair trade Law, and (y) in connection with any such Proceeding, each party will permit authorized Representatives of the other to be present at each meeting or conference relating to any such Proceeding and to have access to and be consulted in connection with any document, opinion or proposal made or submitted to any Governmental Body in connection with any such Proceeding. At the request of Parent, the Company shall agree to divest, sell, dispose of, hold separate or otherwise take or commit to take any action that limits its freedom of action with respect to its or the Subsidiaries' ability to operate or retain any of the businesses, product lines or assets of the Company or any Subsidiary, *provided, however*, that any such action is conditioned upon the consummation of the Offer.

6.3 Employee Benefits.

(a) Parent agrees that, until the first anniversary of the Offer Closing Date, it will not and will not permit the Surviving Corporation to reduce the level of base salary applicable to employees of the Acquired Companies who continue employment with Parent, the Surviving Corporation or any Subsidiary and, during such one-year period, will not make any change in any Company Benefit Plan applicable to such employees as of the Offer Closing Date that would be reasonably likely to materially adversely affect any employee; *provided, however*, that nothing in this Section 6.3(a) or elsewhere in this Agreement shall be construed to create a right in any employee to employment with Parent, the Surviving Corporation or any Subsidiary and the employment of each such employee shall be "at will" employment, except to the extent otherwise provided in a written employment agreement. Parent further agrees that employees of the Acquired Companies who continue employment with Parent, the Surviving Corporation or any Subsidiary shall receive full credit for eligibility, vesting, level of benefits and years of service with the Company or any of the Subsidiaries prior to the Merger for all purposes of any benefit plan of the Parent, the Surviving Corporation or any Subsidiary applicable to such employee.

(b) The Acquired Companies shall terminate, effective as of the day immediately prior to and contingent upon the Acquired Company becoming a member of the same "controlled group of corporations" (as such term is defined in Code Section 414(b)) as Parent (the "401(k) Termination Date"), any 401(k) Plan sponsored by any of the Acquired Companies (or in which any of the Acquired Companies participate), but only if Parent has given any such Acquired Company a written direction, at least five business days prior to the Effective Time, to terminate such 401(k) Plan. If any such notice is timely given, the Acquired Companies shall, before the Effective Time, provide Parent evidence that such 401(k) Plans have been terminated effective as of the 401(k) Termination Date, pursuant to resolutions of the board of directors of the applicable Acquired Company (the form and substance of such resolutions shall be subject to review and approval of Parent).

6.4 Indemnification of Officers and Directors.

(a) All rights to indemnification existing in favor of those Persons who are or have at any time been directors and/or officers of the Company (the “Indemnified Persons”) for their acts and omissions occurring prior to the Effective Time, as provided in the Company’s bylaws, articles of incorporation and/or by contract, or the MBCA, each as in effect as of the date of this Agreement, shall survive the Merger and shall be observed by the Surviving Corporation to the fullest extent available under Minnesota law for a period of six years after the Effective Time.

(b) To the fullest extent available under Minnesota law, the Surviving Corporation shall pay all expenses, including reasonable fees and expenses of counsel, that an Indemnified Person may incur in enforcing the indemnity and other obligations provided for in this Section 6.4. The Indemnified Person shall be entitled to control the defense of any action, suit, investigation or proceeding with counsel of his or her own choosing reasonably acceptable to the Surviving Corporation, and the Surviving Corporation shall cooperate in the defense thereof; *provided, however*, that the Surviving Corporation shall not be liable for any settlement effected without its written consent (which consent shall not be unreasonably withheld).

(c) The Surviving Corporation shall cause there to be in place, effective as of the Effective Time, a fully paid officers’ and directors’ liability insurance policy (“D&O Policy”) in respect of acts or omissions occurring prior to the Merger covering each such Indemnified Person covered by the Company’s officers’ and directors’ liability insurance policy as of the date of this Agreement on terms with respect to coverage and amount that are no less favorable than those of such policy in effect on the date hereof and extending for a period of six years from the Effective Time. The Company’s board of directors shall promptly determine in good faith and shall confirm in writing to Parent whether the D&O Policy proposed to be provided by the Surviving Corporation is accepted to constitute insurance that is no less favorable as aforesaid.

(d) If Parent or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person; then, and in each such case, to the extent necessary to effectuate the purposes of this Section 6.4, proper provision shall be made so that Parent’s successors and assigns assume Parent’s obligations set forth in this Section 6.4, and none of the actions described in clause (i) or clause (ii) shall be taken until such provision is made.

(e) Parent shall cause the Surviving Corporation to perform all of the Surviving Corporation’s obligations under this Section 6.4. If at any time from and after the Effective Time until the six-year anniversary of the Effective Time, the Surviving Corporation does not have the D&O Policy required by Section 6.4(c), Parent shall guarantee the indemnification obligations of the Surviving Corporation to the Indemnified Persons under this Section 6.4 in an amount not to exceed in the aggregate the Guaranteed Amount. The “Guaranteed Amount” shall mean \$10,000,000 less any amounts paid to or for the benefit of any or all of the Indemnified Persons by the Surviving Corporation or the Parent (or any other affiliate of Parent) or pursuant to the D&O Policy or any other directors’ and officers’ liability insurance maintained by or on behalf of Parent or the Surviving Corporation (or any other affiliate of Parent).

(f) The provisions of this Section 6.4 shall be enforceable by each Indemnified Person and his or her heirs and Representatives. The obligations of Parent and Surviving Corporation with respect to the indemnification of Indemnified Persons hereunder shall be joint and several.

6.5 Additional Agreements.

Each of Parent and the Company shall use its reasonable best efforts to take, or cause to be taken, all actions necessary to consummate the Offer and the Merger and make effective the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement. Without limiting the generality of the foregoing, each party to this Agreement (a) shall make all filings and give all notices required to be made and given by such party in connection with the Offer and the Merger and the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement, (b) shall use its reasonable efforts to obtain each Consent (if any) required to be obtained (pursuant to any applicable Law or contract, or otherwise) by such party in connection with the Offer and the Merger and each of the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement, and (c) shall use its reasonable best efforts to lift any restraint, injunction or other legal bar to the Offer, the Merger or any of the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement. Each party shall promptly deliver to the other parties a copy of each such filing made, each such notice given and each such Consent obtained by such party during the Pre-Closing Period.

6.6 Press Releases.

Parent and the Company shall consult with each other before issuing any press release or otherwise making any public statement with respect to the Offer, the Merger or any of the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement. Without limiting the generality of the foregoing, the Company shall not, and shall not permit any Subsidiary or any Representative of any of the Acquired Companies to, make any disclosure to employees of any of the Acquired Companies, to the public or otherwise regarding the Offer, the Merger or any of the other transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement unless (a) Parent shall have been given the opportunity to review and comment upon such disclosure and shall have approved such disclosure or (b) such disclosure is required by applicable Law.

6.7 Resignation of Officers and Directors.

The Company shall use its reasonable best efforts to obtain and deliver to Parent on or prior to the acceptance of shares of Company Common Stock pursuant to the Offer the resignation of each director of each of the Acquired Companies (subject to Section 1.3) and such officers of the Acquired Companies as Parent shall request.

6.8 General Cooperation.

During the Pre-Closing Period, the Acquired Companies will use their reasonable best efforts to operate their businesses in such a manner as to achieve a smooth transition consistent with the respective business interests of the Acquired Companies and Parent. In this regard, the Acquired Companies and Parent agree that they will enter into good-faith discussions concerning the businesses of the Acquired Companies, including but not limited to personnel policies and procedures, and other operational matters.

ARTICLE 7 CONDITIONS PRECEDENT TO THE MERGER

The obligations of the parties to effect the Merger are subject to the satisfaction, at or prior to the Closing, of each of the following conditions:

7.1 Shareholder Approval.

If required by applicable Law, this Agreement shall have been duly adopted by the Required Company Shareholder Vote.

7.2 No Restraints.

No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the Merger shall have been issued by any court of competent jurisdiction and remain in effect, and there shall not be any Law enacted or deemed applicable to the Merger that makes consummation of the Merger illegal; *provided, however*, that in the case of a restraining order, injunction or other order, each of the parties shall have used their reasonable best efforts to prevent the entry of any such restraining order, injunction or other order and to appeal as promptly as possible any restraining order, injunction or other order that may be entered.

7.3 Consummation of Offer.

Acquisition Co. shall have accepted for payment and paid for shares of Company Common Stock pursuant to the Offer (the first date on which the foregoing occurs is referred to as the "Offer Closing Date").

ARTICLE 8 TERMINATION

8.1 Termination.

This Agreement may be terminated prior to the Offer Closing Date or the Effective Time, as set forth below, by action taken or authorized by the board of directors of the party or parties effecting such termination, whether before or after the Required Company Shareholder Vote, for any reason provided below:

(a) by mutual written consent of Parent and the Company;

(b) prior to the Effective Time, by either Parent or the Company if a court of competent jurisdiction or other Governmental Body shall have issued a final and non-appealable order, decree or ruling, or shall have taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the acceptance of shares of Company Common Stock pursuant to the Offer or the Merger or making consummation of the Offer or the Merger illegal; *provided, however*, that in the case of a restraining order, injunction or other order, each of the parties shall have used its reasonable best efforts to prevent the entry of any such restraining order, injunction or other order and to appeal as promptly as possible any restraining order, injunction or other order that may be entered;

(c) prior to the Offer Closing Date, by either Parent or the Company if the acceptance for payment of shares of Company Common Stock pursuant to the Offer shall not have occurred (i) upon the expiration of the Offer in accordance with its terms as a result of a failure of any of the conditions of the Offer, or (ii) on or prior to the close of business on April 20, 2005 (the "Drop Dead Date"); *provided, however*, that a party shall not be permitted to terminate this Agreement pursuant to this Section 8.1(c) if the failure of the acceptance for payment of shares of Company Common Stock pursuant to the Offer by the close of business on the expiration of the Offer or the Drop Dead Date, as the case may be, is attributable to a failure on the part of such party to perform any covenant in this Agreement required to be performed by such party or a material breach of any representation of warranty by such party at or prior to the Offer Closing Date;

(d) prior to the Offer Closing Date, by Parent if the Company shall not have performed and complied, in all material respects, with each covenant or agreement contained in the Agreement and required to be performed or complied with by it, or if any of the representations and warranties of the Company set forth in the Agreement shall not be true and correct, as of the date of this Agreement or as of a date subsequent to the date of this Agreement as if made on such subsequent date (except as to any representation or warranty that speaks as of a specific date, which must be untrue as of such date); *provided, however*, if such inaccuracy or breach is curable by the Company, then Parent may not terminate the Agreement under this Section 8.1(d) with respect to a particular inaccuracy or breach prior to or during the ten-business-day period commencing upon delivery by Parent of written notice to the Company of such inaccuracy or breach, so long as the Company continues to exercise its reasonable best efforts to cure such inaccuracy or breach during such ten-business-day period;

(e) prior to the Offer Closing Date, by the Company if: (i) any of Parent's representations and warranties contained in this Agreement shall fail to be true and correct as of the date of this Agreement, or as of a date subsequent to the date of this Agreement (as if made on such subsequent date) (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall not be true and correct as of such earlier date), except where such failure does not have a material adverse effect on the ability of Parent or Acquisition Co. to consummate the Offer or the Merger; or (ii) Parent shall not have complied with, in all material respects, Parent's covenants contained in this Agreement, except where such noncompliance does not have a material adverse effect on the ability of Parent or Acquisition Co. to consummate the Offer or the Merger; *provided, however*, if such inaccuracy or breach is curable by Parent, then the Company may not terminate this Agreement under this Section 8.1(e) with respect to a particular inaccuracy or breach prior to or

during the ten-business-day period commencing upon delivery by the Company of written notice to Parent of such inaccuracy or breach, so long as Parent continues to exercise its reasonable best efforts to cure such inaccuracy or breach within such ten-business-day period; or

(f) prior to the Offer Closing Date, by Parent if the Company's board of directors has authorized the Company to enter into a binding written agreement regarding an Alternative Transaction Proposal (it being understood that this Section 8.1(f) does not grant to the Company any right to take such action); or

(g) prior to the Offer Closing Date, by the Company if (i) the Company's board of directors determines that an Alternative Transaction Proposal constitutes a Company Superior Proposal, and (ii) the Company's board of directors authorizes the Company to enter into a binding written agreement regarding such Alternative Transaction Proposal (provided that the Company complies with provisions of this Agreement including Section 5.3, provides information to Parent regarding such Alternative Transaction Proposal as reasonably requested by Parent, and certifies to Parent in writing that it has complied with such provisions, and within five business days of receipt of such written certification by Parent, Parent does not make an offer that the Company's board of directors determines, in good faith after consultation with its outside legal counsel and independent financial adviser, to be at least as favorable to the Company's shareholders as the Company Superior Proposal) (it being understood that the Company shall not enter into any binding agreement during such five-business-day period), and the Company pays the Termination Fee at or prior to the termination of this Agreement; *provided, however*, that in the event that the determination by the Company's board of directors that such Alternative Transaction Proposal constitutes a Company Superior Proposal is made less than five business days prior to the scheduled expiration date of the Offer, Parent shall have the right, in its sole discretion, to either (A) reduce the five-day period described above or (B) extend the Offer, in either case so that such five-day period will end one day prior to the expiration date of the Offer (and the Company hereby consents to any such action by Parent including any such extension of the expiration date of the Offer); or

(h) by the Company if Parent or Acquisition Co. shall have (i) failed to commence the Offer within five business days of the date hereof (assuming that the Company has timely complied with its obligations to cooperate with Parent and Acquisition Co. in connection with the Offer), or (ii) failed to pay for the shares of Company Common Stock pursuant to the Offer in accordance with this Agreement.

8.2 Effect of Termination.

If this Agreement is terminated as provided in Section 8.1, it shall be of no further force or effect; provided, however, that (i) Section 8.2, Section 8.3 and Article 9 (and the Confidentiality Agreement, as defined below) shall survive the termination of this Agreement and shall remain in full force and effect, (ii) the termination of this Agreement shall not relieve any party from any liability for fraud or from any liability for any breach of any representation, warranty, covenant, obligation or other provision contained in this Agreement, the Tender and Voting Agreement or the Acquisition Co. Option Agreement, and (iii) no termination of this Agreement shall in any way affect any of the parties' rights or obligations with respect to any shares of Company Common Stock accepted for payment and paid for pursuant to the Offer prior

to such termination. For purposes hereof, "Confidentiality Agreement" shall mean that certain Confidentiality Agreement dated as of September 21, 2004, by and between Parent and the Company.

8.3 Expenses; Termination Fees.

(a) Except as set forth in this Section 8.3, all fees and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement shall be paid by the party incurring such expenses, whether or not the Offer or the Merger is consummated; *provided, however*, that Parent and the Company shall share equally all fees and expenses, other than attorneys' fees, accounting fees, and financial advisory fees, incurred in connection with (A) the filing, printing and mailing of the Offer Documents and the Proxy Statement and any amendments or supplements thereto and (B) the filing of any notice or other document under any applicable antitrust law or regulation, including the filing with the United States Department of Justice and Federal Trade Commission pursuant to the HSR Act.

(b) If this Agreement is terminated (i) by Parent or Acquisition Co. pursuant to Section 8.1(f), or (ii) by the Company pursuant to Section 8.1(g); then the Company shall immediately pay to Parent the Termination Fee. For purposes of this Agreement, "Termination Fee" shall mean a fee in immediately available United States dollars equal to \$4,000,000. If this Agreement is terminated under circumstances pursuant to which a Termination Fee is not required to be paid, then the Company shall reimburse Parent its reasonable out-of-pocket fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby; *provided, however*, that Parent provides back up documentation for each such reasonable expense and such reasonable expenses shall not exceed \$700,000.

ARTICLE 9 GENERAL PROVISIONS

9.1 Amendment.

Subject to Section 1.3, this Agreement may be amended with the approval of the respective boards of directors of the Company and Parent at any time. This Agreement may not be amended except by an instrument in writing signed on behalf of all of the parties hereto.

9.2 Waiver and Consents.

No failure on the part of any party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given. Whenever this Agreement requires or permits consent by

or on behalf of any party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section.

9.3 Knowledge Convention.

Whenever any statement herein or in any schedule, exhibit, certificate or other document delivered to any party pursuant to this Agreement is made “to the knowledge” of a party hereto or words of similar intent, such statement shall be deemed to be made to the actual knowledge of the persons identified on Schedule 9.3 after a reasonable investigation of the subject matter thereof.

9.4 No Survival of Representations and Warranties.

None of the representations and warranties contained in this Agreement or in any certificate delivered pursuant to this Agreement shall survive the Merger; *provided, however*, that this Section 9.4 shall not limit any covenant or agreement of the parties hereto which by its terms provides for performance after the Effective Time or after termination of this Agreement.

9.5 Entire Agreement.

This Agreement (together with its attachments, exhibits, annexes and schedules) and the other agreements referred to herein constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among or between any of the parties with respect to the subject matter hereof and thereof; *provided, however*, that the confidentiality provisions of the Confidentiality Agreement shall not be superseded and shall remain in full force and effect.

9.6 Counterparts and Delivery.

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Signatures delivered by means of facsimile or other electronic transmission shall be valid and binding to the same extent as the delivery of original signatures.

9.7 Third-Party Beneficiaries.

No provision of this Agreement is intended to confer upon any Person other than the parties hereto any rights or remedies under any provision of this Agreement except for (a) Indemnified Persons pursuant to, as provided by and in accordance with Section 6.4, and (b) holders of Company Options and Warrants pursuant to, as provided by and in accordance with Section 2.5(b).

9.8 Governing Law; Jurisdiction and Venue.

This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, regardless of any conflicts-of-law principles. In any action between or among any of the parties arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, the Tender and Voting Agreement and the

Acquisition Co. Option Agreement: (a) each of the parties irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the state and federal courts located in the Western District of the Commonwealth of Pennsylvania and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action brought in such court has been brought in an inconvenient forum; (b) if any such action is commenced in a state court, then, subject to applicable Law, no party shall object to the removal of such action to any federal court located in the Western District of the Commonwealth of Pennsylvania; (c) each of the parties irrevocably waives the right to trial by jury; and (d) each of the parties irrevocably consents to service of process by first-class certified mail, return receipt requested, postage prepaid, to the address at which such party is to receive notice in accordance with Section 9.12.

9.9 Specific Performance.

The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the parties agree that each party shall be entitled to an injunction or restraining order to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States located in the Western District of the Commonwealth, this being in addition to any other right or remedy to which such party may be entitled under this Agreement, at law or in equity.

9.10 Headings.

The section, paragraph and other headings contained in this Agreement are inserted for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

9.11 Assignability.

This Agreement shall be binding upon, and shall be enforceable by and inure solely to the benefit of, the parties hereto and their respective successors and assigns; *provided, however*, that neither this Agreement nor any of the Company's rights hereunder may be assigned by the Company without the prior written consent of Parent, and any attempted assignment of this Agreement or any of such rights by the Company without such consent shall be void and of no effect; *provided, further*, that Parent may assign this Agreement to any direct or indirect subsidiary of Parent without the prior written consent of the Company, but any such assignment shall not relieve Parent of any of its obligations hereunder. Other than Section 6.4 (which is intended to be for the benefit of the Indemnified Parties and may be enforced by the Indemnified Parties), nothing in this Agreement, express or implied, is intended to or shall confer upon any Person (other than the parties hereto) any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. Any assignment prohibited under this Section 9.11 shall be null and void.

9.12 Notices.

All notices, demands, consents, requests, instructions and other communications to be given or delivered or permitted under or by reason of the provisions of this Agreement, or in

connection with the transactions contemplated hereby and thereby shall be in writing and shall be deemed to be delivered and received by the intended recipient as follows: (a) if personally delivered, on the business day after it is sent (as evidenced by the receipt of the personal delivery service); (b) if mailed by certified or registered mail with return receipt requested, four business days after the aforesaid mailing; (c) if delivered by overnight courier (with all charges having been prepaid), on the second business day after it is sent (as evidenced by the receipt of the overnight courier service of recognized standing); or (d) if delivered by facsimile transmission, on the business day of such delivery if confirmed within 48 hours thereafter by a signed original sent in one of the manners set forth in (a) through (c) above. If any notice, demand, consent, request, instruction or other communication cannot be delivered because of a changed address of which no notice was given (in accordance with this Section 9.12), or the refusal to accept same, the notice shall be deemed received on the business day the notice is sent (as evidenced by a sworn affidavit of the sender). All such notices, demands, consents, requests, instructions and other communications will be sent to the following addresses or facsimile numbers as applicable:

If to Company: Norstan, Inc.
5101 Shady Oak Road
Minnetonka, Minnesota 55343
Attention: Scott G. Christian, President and
Chief Executive Officer
Fax: (612) 240-2969

With a copy to: Maslon Edelman Borman & Brand, LLP
3300 Wells Fargo Center
90 South Seventh Street
Minneapolis, Minnesota 55402
Attention: Neil I. Sell, Esq.
Fax: (612) 642-8337

*If to Parent or
Acquisition Co.:* Black Box Corporation
1000 Park Drive
Lawrence, Pennsylvania 15055
Attention: Fred C. Young, Chief Executive Officer
Fax: (412) 873-6608 and
Christopher H. Gebhardt, General Counsel
Fax: (412) 873-6725

With a copy to: Buchanan Ingersoll PC
One Oxford Centre
301 Grant Street, 20th Floor
Pittsburgh, Pennsylvania 15219
Attention: Ronald Basso, Esq.
Fax: (412) 562-1041

9.13 Cooperation.

Each party to this Agreement agrees to reasonably cooperate with the other parties and to execute and deliver such further documents, certificates, agreements and instruments and to take such other actions as may be reasonably requested by the other parties to evidence or reflect the transactions contemplated by this Agreement, the Tender and Voting Agreement and the Acquisition Co. Option Agreement and to carry out the intent and purposes of this Agreement.

9.14 Severability.

Any term or provision of this Agreement that is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction or other authority declares that any term or provision hereof is invalid, void or unenforceable, the parties agree that the court making such determination shall have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases, or to replace any invalid, void 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.

9.15 Construction.

The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. Except as otherwise indicated, all references in this Agreement to "Sections," "Exhibits" and "Annexes" are intended to refer to Sections of this Agreement and Exhibits or Annexes to this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

[Remainder of page intentionally left blank]

In Witness Whereof, the parties have caused this Agreement and Plan of Merger to be executed as of the date first above written.

COMPANY:

NORSTAN, INC.

By: /s/ Scott G. Christian

Scott G. Christian, President and Chief
Executive Officer

PARENT:

BLACK BOX CORPORATION

By: /s/ Fred C. Young

Fred C. Young, Chief Executive Officer

ACQUISITION CO.:

SF ACQUISITION CO.

By: /s/ Fred C. Young

Fred C. Young, Chief Executive Officer

Signature Page – Agreement and Plan of Merger

Exhibit A

Scott G. Christian

Robert J. Vold

Michael E. Laughlin

Donna M. Warner

Steven D. Anderson

Alan R. Perry

ANNEX I

CONDITIONS OF THE OFFER

Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement and Plan of Merger (the “Agreement”) of which this Annex I is a part. Notwithstanding any other provision of the Offer, Acquisition Co. shall not be required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to Acquisition Co.’s obligation to pay for or return tendered shares of Company Common Stock promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of or, subject to any applicable rules and regulations of the SEC, the payment for, any tendered shares of Company Common Stock, and may amend the Offer consistent with the terms of the Agreement or terminate the Offer and not accept for payment any tendered shares of Company Common Stock, if (i) the Minimum Condition shall not have been satisfied at the time of expiration of the Offer (as the same may be extended pursuant to the Agreement), or (ii) on any scheduled expiration date any of the following events or circumstances shall occur or exist:

- (a) any waiting period under any applicable antitrust Law or regulation (including the HSR Act) shall not have expired or been terminated;
- (b) any event that has had or would reasonably be expected to have a Company Material Adverse Effect;
- (c) (i) any general suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange or Nasdaq National Market, or (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by federal or state authorities on the extension of credit by lending institutions, or a disruption of or material adverse change in either the syndication market for credit facilities or the financial, banking or capital markets;
- (d) any of the representations and warranties of the Company set forth in the Agreement (without giving effect to any materiality or similar qualification contained therein) shall not be true and correct, as of the date of this Agreement or as of a date subsequent to the date of this Agreement as if made on such subsequent date, except to the extent the failure of any such representations and warranties to be true and correct (without giving effect to any materiality or similar qualification contained therein), taken together in their entirety, would not reasonably be expected to have a Company Material Adverse Effect; *provided, however*, that any such breach capable of being cured has not in fact been cured prior to the initial expiration date of the Offer (or such later date upon which the Offer shall expire in accordance with Section 1.1(d));
- (e) the Company shall not have performed and complied, in all material respects, with each covenant or agreement contained in the Agreement and required to be performed or complied with by it and such failure would reasonably be expected to have a Company Material Adverse Effect and such failure is incapable of being cured or has not been cured during the grace period described in the proviso below; *provided, however*, if such

breach is curable by the Company, then Parent may not terminate the Agreement under this Section 8.1(d) with respect to a particular breach prior to or during the ten-business-day period commencing upon delivery by Parent of written notice to the Company of such breach, so long as the Company continues to exercise commercially reasonable efforts to cure such breach during such ten-business-day period;

- (f) any temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the Offer or the Merger or any of the other transactions contemplated by the Agreement shall be pending or shall have been issued by any court of competent jurisdiction and remain in effect, or there shall be any Law enacted or deemed applicable by a Governmental Body to the Offer or the Merger or any of the other transactions contemplated by the Agreement that makes consummation of the Offer, the Merger or any of the other transactions contemplated by the Agreement illegal;
- (g) the failure of the parties' filing under the HSR Act to have been accepted by the Federal Trade Commission and United States Department of Justice without material modification to the Offer, Merger or other transactions contemplated by the Agreement or the issuance of an order by the United States Department of Justice or the Federal Trade Commission to Parent to divest certain of its assets in connection with the transactions contemplated by the Agreement;
- (h) the failure of the Company to obtain any necessary consent to the transactions contemplated by this Agreement required by the Contracts with the Company's vendors identified in writing by the Parent to the Company on or prior to the date of this Agreement;
- (i) the notice period for prepayment of indebtedness under the Loan and Security Agreement by and among Norstan Communications, Inc., Vibes Technologies, Inc., Norstan, Inc., Norstan Financial Services, Inc., Norstan Canada, Inc., Norstan International, Inc., Norstan Canada Ltd. and Wells Fargo Foothill, Inc., as arranger and administrative agent, shall not have been waived or expired by its terms;
- (j) the failure of any of the Company's executive officers identified on Exhibit A to execute an agreement (a "New Agreement") in favor of Parent, Acquisition Co. and/or the Company containing terms consistent with the "Senior Executive Compensation Highlights" signed by such executives except that the New Agreement will provide for a non-compete and non-solicitation period of 12 months from the date of termination of employment regardless of when such date shall occur (24 months in the case of the Company's Chief Executive Officer);
- (k) the Agreement shall have been terminated in accordance with its terms; or
- (l) there shall have been instituted or pending any shareholder derivative litigation or shareholder class action litigation against the Company or its executive officers or directors.

The foregoing conditions are for the sole benefit of Parent and Acquisition Co. and (except for the Minimum Condition) may be waived by Parent and Acquisition Co., in whole or in part at any time and from time to time, in the sole discretion of Parent and Acquisition Co.

The failure by Parent or Acquisition Co. at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

Annex - 3

TENDER AND VOTING AGREEMENT

This TENDER AND VOTING AGREEMENT (this "Agreement") is made and entered into as of December 20, 2004, by and among **Black Box Corporation**, a Delaware corporation (the "Parent"), **SF Acquisition Co.**, a Minnesota corporation and a direct wholly-owned subsidiary of Parent (the "Acquisition Co."), and certain shareholders and the executive officers and directors of **Norstan, Inc.**, a Minnesota corporation (the "Company"), each of which is identified on Schedule A attached hereto (each a "Shareholder" and, collectively, the "Shareholders").

WHEREAS, simultaneously with the execution of this Agreement, Parent, Acquisition Co. and the Company are entering into an Agreement and Plan of Merger, dated as of the date hereof (as the same may be amended or supplemented, the "Merger Agreement"), which provides, among other things, for the acquisition of the Company by Parent by means of a cash tender offer (the "Offer") by Acquisition Co. for all outstanding shares of common stock, \$.10 par value per share, of the Company (the "Company Common Stock") and for the subsequent merger of Acquisition Co. with and into the Company with the Company continuing as the surviving entity (the "Merger");

WHEREAS, as of the date hereof, each Shareholder is the Beneficial Owner (as defined below) of the outstanding shares of Company Common Stock set forth opposite such Shareholder's name in Schedule A (such Shareholder's "Owned Shares"); and

WHEREAS, as an inducement and a condition to its entering into the Merger Agreement and incurring the obligations set forth therein, Parent has required that each Shareholder enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual premises, representations, warranties, covenants and agreements contained herein and in the Merger Agreement, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Certain Definitions. (a) Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to such terms in the Merger Agreement. In addition, for purposes of this Agreement:

"Affiliate" means, with respect to any specified Person, any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For purposes of this Agreement, with respect to any Shareholder, "Affiliate" shall not include the Company or the Persons that directly, or indirectly through one or more intermediaries, are controlled by the Company.

"Beneficially Owned" or "Beneficial Ownership" with respect to any securities means having both voting power and investment power (as determined pursuant to Rule 13d-3(a) under the Exchange Act) over such securities, including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without duplicative counting of the same securities by the same holder, securities Beneficially Owned by a Person shall include securities Beneficially

Owned by all Affiliates of such Person and all other Persons with whom such Person would constitute a “Group” within the meaning of Section 13(d) of the Exchange Act and the rules promulgated thereunder.

“Beneficial Owner” with respect to any securities means a Person who has Beneficial Ownership of such securities.

“Person” means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Proposed Business Combination” means the Offer, the Merger and the related transactions contemplated by the Merger Agreement.

“Transfer” means, with respect to a security, the sale, transfer, pledge, hypothecation, encumbrance, assignment, gift or other disposition of such security or the Beneficial Ownership thereof (other than by operation of law), the offer to make such a sale, transfer, pledge, hypothecation, encumbrance, assignment, gift or other disposition, and each option, agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing. As a verb, “Transfer” shall have a correlative meaning.

2. Tender of Shares.

(a) In order to induce Parent and Acquisition Co. to enter into the Merger Agreement, each Shareholder hereby agrees to validly tender (or cause the record owner of such shares to validly tender), pursuant to and in accordance with the terms of the Offer, not later than the 20th business day after commencement of the Offer, such Shareholder’s Owned Shares. Any tender of shares under this Agreement shall not be completed by guaranteed delivery where actual delivery of the shares has not occurred. If a Shareholder acquires Beneficial Ownership of additional shares of Company Common Stock after the date hereof and prior to termination of this Agreement, such Shareholder shall tender such additional shares of Company Common Stock on such 20th business day or, if later, on the second business day after such acquisition. A Shareholder shall not withdraw any shares tendered pursuant to this Section 2(a) unless this Agreement is terminated or the Offer is terminated or has expired without Acquisition Co. purchasing all shares validly tendered in the Offer and not withdrawn or Acquisition Co. reduces the Per-Share Amount below \$5.60.

(b) Notwithstanding the foregoing, at no time and in no event shall the total number of shares of the Company’s capital stock restricted pursuant to this Section 2 exceed nineteen and nine-tenths percent (19.9%) of the outstanding capital stock of the Company (the “Maximum Restricted Amount”). In the event that the total number of Owned Shares exceeds the Maximum Restricted Amount, then Acquisition Co., in its sole and absolute discretion, shall determine which Owned Shares shall be restricted pursuant to this Section 2. Prior to any proposed transfer restricted by Section 3 hereof, each Shareholder shall provide written notice to Acquisition Co. at least forty-eight (48) hours prior to the proposed transfer. Such notice shall include the number and class of Owned Shares

(including options and warrants) to be transferred, the price per share, and the proposed transferee. If the Owned Shares so restricted have not yet exceeded the Maximum Restricted Amount, then Acquisition Co. may restrict such proposed transfer as provided herein. If Owned Shares upon which such restrictions have already been imposed equal or exceed the Maximum Restricted Amount, then Acquisition Co. may not enforce the restrictions on transfer under this Agreement. Acquisition Co., in its sole and absolute discretion, shall make the determination of whether Owned Shares subject to restriction pursuant to Section 3 hereof have equaled or exceeded the Maximum Restricted Amount. Regardless of whether the Maximum Restricted Amount has been reached, the notice provision of this Section 2(b) shall apply until termination of this Agreement.

3. No Disposition or Solicitation.

(a) Each Shareholder agrees that from and after the date hereof, except as contemplated by this Agreement, such Shareholder will not (as a Shareholder, trustee or custodian) Transfer or agree to Transfer any of such Shareholder's Owned Shares or any options or warrants or other rights held or owned by such Shareholder to acquire Company Common Stock (other than any transfer of an option or warrant to the Company in connection with the exercise of such option or warrant by such Shareholder) without Parent's prior written consent (which consent shall not be unreasonably withheld or delayed in the context of a Transfer to any member of the immediate family of such Shareholder or to any trust the Beneficial Ownership of which is held by such Shareholder, provided in each case that such transferee agrees, in a form satisfactory to Parent, to be bound by the terms of this Agreement), or grant any proxy or power-of-attorney with respect to any such Company Common Stock other than pursuant to this Agreement.

(b) Shareholder will not, in its capacity as a shareholder of the Company, and will use its reasonable best efforts to ensure that its investment bankers, attorneys, accountants, agents or other advisors or representatives (the "Shareholder Representatives"), directly or indirectly, will not take any action with respect to any Alternative Transaction Proposal that the Company is prohibited from taking under Section 5.3 of the Merger Agreement; provided that, in the event the Company takes permissible action under Section 5.3 of the Merger Agreement, each Shareholder will be entitled to participate in all actions that the Company is or would be entitled to take under Section 5.3 of the Merger Agreement so long as such actions are taken in compliance with such Section 5.3.

(c) Shareholder will cease and cause to be terminated all existing discussions or negotiations conducted by it or at its behest with respect to any Alternative Transaction Proposal (other than with Parent and Acquisition Co.).

4. Option.

(a) On the terms and subject to the conditions set forth herein, each Shareholder hereby grants to each of Parent and Acquisition Co. an irrevocable option to purchase all of the right, title and interest of such Shareholder in and to such Shareholder's Owned Shares,

as well as any other shares of Company Common Stock Beneficially Owned by the Shareholder after the date hereof, at a price per share equal to the Per-Share Amount (as defined in the Merger Agreement) (the “Option”) at any one time after the Offer Closing Date (as defined in the Merger Agreement) and until the earlier of (a) immediately following the Closing Date (as defined in the Merger Agreement) and (b) the termination of the Merger Agreement in accordance with its terms. The Parent or Acquisition Co., as the case may be, may exercise an Option in whole, but not in part.

(b) In the event that Parent or Acquisition Co. desires to exercise an Option, Parent or Acquisition Co. shall send a written notice in accordance with Section 12(e) hereof to the relevant Shareholder or parties prior to the termination of this Agreement specifying the place and the date for the closing of such purchase, which date may be the date of the notice and shall be not more than three business days after the date of such notice; provided that in the event that prior notification to, or approval of, any Governmental Body is required in connection with the exercise of an Option or there shall be in effect any preliminary or final injunction or other order issued by any Governmental Body prohibiting the exercise of an Option, the period of time during which the date of the closing may be fixed shall be extended until the fifth business day following the last date on which all required approvals shall have been obtained, all required waiting periods shall have expired or been terminated and any such prohibition shall have been vacated, terminated or waived; provided further that (x) in no event shall notice of such purchase be given after the termination of this Agreement pursuant to paragraph (ii) of Section 11 and (y) in no event such purchase be consummated after the termination of this Agreement pursuant to paragraph (i), (iii), (iv) or (v) of Section 11.

(c) At the closing of the purchase of a Shareholder’s Owned Shares pursuant to exercise of an Option, simultaneously with the payment by Parent or Acquisition Co. of the purchase price for a Shareholder’s Owned Shares, such Shareholder shall deliver, or cause to be delivered, to Parent or Acquisition Co. certificates representing such Owned Shares duly endorsed to Parent or Acquisition Co. or accompanied by stock powers duly executed by the Shareholder in blank, together with any necessary stock transfer stamps properly affixed, free and clear of all liens.

(d) Notwithstanding the foregoing, at no time and in no event shall the shares of the Company’s capital stock subject to this Section 4 exceed the Maximum Restricted Amount. In the event that the total number of Owned Shares exceeds the Maximum Restricted Amount, then Acquisition Co., in its sole and absolute discretion, shall determine which Owned Shares shall be subject to this Section 4.

5. Agreement to Vote. Each Shareholder agrees that (a) at such time as the Company conducts a meeting (including any adjournment thereof) of or otherwise seeks a vote or consent of its shareholders for the purpose of approving the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, such Shareholder will vote, or provide a consent with respect to, all Company Common Stock (including the Owned Shares) which, as of the relevant record date, such Shareholder has the power to vote, in favor of approving the Merger Agreement and the transactions contemplated by such Agreement,

including the Merger, and (b) such Shareholder will (at any meeting of shareholders or in connection with any consent solicitation) vote all shares of Company Common Stock (including the Owned Shares) which, as of the relevant record date, such Shareholder has the power to vote, against, and will not consent to, any Alternative Transaction Proposal with a Person other than Parent and Acquisition Co. or any action that would or is designed to delay, prevent or frustrate the Proposed Business Combination; provided, Shareholder's agreement to vote or consent as described above shall not be effective if the Merger Agreement is amended to reduce the Per-Share Amount below \$5.60. Without limiting the foregoing, it is understood that the obligations under clause (a) in this Section 5 shall remain applicable in respect of each meeting of shareholders of the Company duly called for the purpose of approving the Merger Agreement and the transactions contemplated thereby, including the Merger, regardless of the position of the Company's board of directors as to the Proposed Business Combination at the time of such meeting. Notwithstanding the foregoing, at no time and in no event shall the shares of the Company's capital stock subject to this Section 5 exceed the Maximum Restricted Amount. In the event that the total number of Owned Shares exceeds the Maximum Restricted Amount, then Acquisition Co., in its sole and absolute discretion, shall determine which Owned Shares shall be subject to this Section 5.

6. Information. Each Shareholder will provide any information reasonably requested by the Company or Parent for any regulatory application or filing made or approval sought for the transactions contemplated by the Merger Agreement (including filings with the SEC).

7. Additional Stock. Each Shareholder agrees that any additional shares of Company Common Stock or securities convertible into Company Common Stock acquired by such Shareholder or over which it acquires Beneficial Ownership or voting power or dispositive power, whether pursuant to existing stock option agreements, warrants or otherwise, shall be subject to the provisions of this Agreement.

8. Irrevocable Proxy.

(a) In furtherance of the agreements contained in this Agreement, each Shareholder hereby irrevocably grants to, and appoints, Parent and Fred C. Young, Chief Executive Officer of Parent, Michael McAndrew, Chief Financial Officer of Parent, and Christopher H. Gebhardt, General Counsel of Parent, in their respective capacities of Parent, and any individual who shall hereafter succeed to any such position of Parent, and each of them individually, such Shareholder's proxy and attorney-in-fact (with full power of substitution), for and in the name, place and stead of such Shareholder, to vote all shares of such Shareholder's Owned Shares or Company Common Stock over which such Shareholder has voting power, or grant a consent or approval in respect of such shares, or execute and deliver a proxy to vote such shares, (i) in favor of adopting the Merger Agreement and approving the transactions contemplated thereby, including the Merger, and (ii) against any Alternative Transaction Proposal with a Person other than Parent or Acquisition Co. or any other matter referred to in clause (b) of Section 5 hereof; provided, that such proxy shall not be effective if Shareholder's agreement to vote or consent as described above shall not be effective pursuant to Section 5. For the avoidance of doubt, the proxy granted by each Shareholder pursuant to this Section 8(a) is not granted with

respect to any matter other than those matters set forth in items (i) and (ii) of this Section 8(a).

(b) Each Shareholder represents and warrants to Parent and Acquisition Co. that any proxies heretofore given by it in respect of shares of Company Common Stock are not irrevocable, and that any such proxies are hereby revoked, and agrees to communicate in writing notice of revocation of such proxies to the relevant proxy holders.

(c) Each Shareholder hereby affirms that the irrevocable proxy set forth in Section 8(a) is given in connection with, and in consideration of, the execution of the Merger Agreement by Parent and Acquisition Co., and that such irrevocable proxy is given to secure the performance of the duties of such Shareholder under this Agreement. Each Shareholder hereby further affirms that the irrevocable proxy is coupled with an interest and may under no circumstances be revoked. Such Shareholder hereby ratifies and confirms all that such irrevocable proxyholder may lawfully do or cause to be done by virtue hereof. Such irrevocable proxy is executed and intended to be irrevocable in accordance with the provisions of Section 302A.449 of the Minnesota Business Corporation Act.

(d) Nothing contained in this Agreement shall give Parent or Acquisition Co. the right to control or direct the Company or the Company's operations.

(e) Notwithstanding the foregoing, at no time and in no event shall the total number of shares of the Company's capital stock subject to this Section 8 exceed the Maximum Restricted Amount. In the event that the total number of shares of Company Common Stock subject to this Section 8 exceeds the Maximum Restricted Amount, then the aforementioned attorneys and proxies shall determine, in their sole and absolute discretion determined by majority vote, those Owned Shares that are to be subject to this Section 8 and shall release the excess shares from the restrictions of this Section 8. The attorneys and proxies, upon such determination, shall notify holders of released shares. Upon such release, such shareholders shall be entitled to vote such shares or to direct the attorneys and proxies to vote such shares at their direction. Acquisition Co., in its sole and absolute discretion, shall make the determination of whether shares of Company Common Stock subject to restriction pursuant to this Section 8 have equaled or exceeded the Maximum Restricted Amount.

9. Representations, Warranties and Covenants of the Shareholders. Each Shareholder hereby individually (and not jointly or severally) represents and warrants to, and agrees with, Parent and Acquisition Co. as follows:

(a) Such Shareholder has all necessary power and authority and legal capacity to execute and deliver this Agreement and perform its obligations hereunder. In the case of each Shareholder who is not a natural person, no other proceedings or actions on the part of such Shareholder are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by such Shareholder and constitutes a valid, legal and binding agreement of such Shareholder, enforceable against such Shareholder in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles.

(c) Each Shareholder is the sole Beneficial Owner of such Shareholder's Owned Shares, other than those Owned Shares Beneficially Owned by a family trust or child of such Shareholder. Each Shareholder has the sole right to vote, or cause to be voted, and to dispose, or cause the disposition, of such Shareholder's Owned Shares and there exist no limitations on its ability to exercise such right. Each Shareholder has good and marketable title (which may include holding in nominee or "street" name) to all of such Shareholder's Owned Shares (other than those Owned Shares Beneficially Owned by a family trust or child of such Shareholder), free and clear of all liens (other than as created by this Agreement and the restrictions on Transfer under applicable securities laws). The Owned Shares constitute all of the capital stock of the Company Beneficially Owned by such Shareholder.

(d) Neither the execution nor delivery of this Agreement by such Shareholder nor the Shareholder's consummation of the transactions contemplated hereby will conflict with, result in any violation of or constitute a default under (i) any material mortgage, bond, indenture, agreement, instrument or obligation to which such Shareholder is a party or by which such Shareholder or any of the Owned Shares is bound (or, in the case of each Shareholder that is not a natural person, such Shareholder's constituent documents), or (ii) any judgment, decree, order or material law or regulation of any governmental agency or authority in the United States by which such Shareholder or any of its subsidiaries is bound, except, with respect to clauses (i) and (ii) above, where the conflict or default, individually or in the aggregate, will not have a material adverse effect on such Shareholder.

(e) Each Shareholder understands and acknowledges that each of Parent and Acquisition Co. is entering into the Merger Agreement in reliance upon such Shareholder's execution, delivery and performance of this Agreement.

10. Representations and Warranties of Parent and Acquisition Co. Parent represents and warrants to each Shareholder as follows:

(a) Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with all requisite corporate power and authority to own, operate and lease its properties, to carry on its business as now being conducted, and to enter into this Agreement and perform its obligations hereunder.

(b) Parent owns all of the issued and outstanding shares of Acquisition Co. Acquisition Co. is a corporation duly organized, validly existing and in good standing under

the laws of the State of Minnesota with all requisite corporate power to enter into this Agreement and perform its obligations hereunder.

(c) Each of Parent and Acquisition Co. has taken all necessary corporate action to approve this Agreement and the performance of its obligations hereunder. This Agreement has been duly and validly executed and delivered by each of Parent and Acquisition Co. and constitutes a valid, legal and binding agreement of each of Parent and Acquisition Co., respectively, enforceable against each of Parent and Acquisition Co. in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles.

(d) Neither the execution nor delivery of this Agreement by Parent or Acquisition Co. nor Parent's or Acquisition Co.'s consummation of the transactions contemplated hereby will conflict with, result in any violation of, or constitute a default under, the Certificate or Articles of Incorporation or Bylaws of Parent or Acquisition Co. or any agreement, mortgage, indenture, license, permit, lease or other instrument material to Parent and its subsidiaries taken as a whole or any judgment, decree, order, or any material law or regulation of any governmental agency or authority in the United States by which Parent or any of its subsidiaries is bound.

11. Termination. This Agreement, and all rights and obligations of the parties hereunder (other than those set forth in Section 12(a)), shall terminate upon the earliest of: (i) the Effective Time of the Merger, (ii) as to the rights and obligations associated with any Owned Shares, the acceptance for payment of such Owned Shares by Parent or Acquisition Co. in the Offer, (iii) the failure of Acquisition Co. to timely commence the Offer, (iv) the failure of Acquisition Co. to timely purchase all Owned Shares of the Shareholders in the Offer or (v) the date upon which the Merger Agreement is terminated pursuant to Article 8 thereof without the Merger having been consummated.

12. Miscellaneous.

(a) Costs and Expenses. Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

(b) Execution in Counterparts. For the convenience of the parties, this Agreement and any amendments, supplements, waivers and modifications may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

(c) Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective successors, personal or legal representatives, executors, administrators, heirs, distributees, devisees, legatees and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party (whether by operation of law or otherwise), in

whole or in part, without the prior written consent of the other parties; provided, that Parent or Acquisition Co. may assign any or all rights under this Agreement to any subsidiary of Parent, and Acquisition Co. may assign any or all rights under this Agreement to Parent.

(d) Amendments and Waivers. This Agreement may not be amended, changed, supplemented, or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by the parties hereto; provided, that each of Parent and Acquisition Co. may waive compliance by any other party with any representation, agreement or condition otherwise required to be complied with by any other party under this Agreement or release any other party from its obligations under this Agreement, but any such waiver or release shall be effective only if in a writing executed by Parent and Acquisition Co.

(e) Notices. All notices, requests, claims, demands and other communications hereunder shall be provided as set forth in the Merger Agreement; provided, that the address to which notices shall be sent to the Shareholder shall be the address set forth in Schedule A attached hereto.

(f) Inadequate Remedy at Law; Specific Performance. Each Shareholder acknowledges and agrees that in the event of any breach of this Agreement, Parent would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed with respect to any provision of this Agreement that (i) each Shareholder will waive, in any action for specific performance, the defense of adequacy of a remedy at law, and (ii) Parent shall be entitled, in addition to any other remedy to which it may be entitled at law or in equity, to compel specific performance of this Agreement.

(g) Cumulative Rights, Powers and Remedies. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(h) Entire Agreement; No Third Party Beneficiaries. This Agreement, along with the specific references to the Merger Agreement, constitutes the complete, final and exclusive agreement among the parties and supersedes any and all prior agreements and understandings, written or oral, among the parties heretofore made with respect to the subject matter hereof. Nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

(i) Governing Law; Jurisdiction and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, regardless of any conflicts-of-law principles. In any action between or among any of the parties arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, the Merger Agreement and the Acquisition Co. Option Agreement: (a) each of the parties irrevocably and unconditionally consents and submits to the non-exclusive jurisdiction and venue of the state and federal courts located in the Western District of the Commonwealth of Pennsylvania (and agrees not to commence any such action except in such courts) and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action brought in such court has been brought in an inconvenient forum; (b) if any such action is commenced in a state court, then, subject to applicable Law, no party shall object to the removal of such action to any federal court located in the Western District of the Commonwealth of Pennsylvania; (c) each of the parties irrevocably waives the right to trial by jury; and (d) each of the parties irrevocably consents to service of process by first-class certified mail, return receipt requested, postage prepaid, to the address at which such party is to receive notice in accordance with Section 9.12 of the Merger Agreement.

(j) [Intentionally omitted.]

(k) Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court or a federal or state regulatory agency of competent jurisdiction to be invalid, void or unenforceable under any rule of law in any particular respect or under any particular circumstances, the remainder of the terms, provisions and covenants and restrictions contained in this Agreement shall remain in full force and effect, and shall in no way be affected, impaired or invalidated. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

(l) Interpretation. The section and paragraph captions herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. The words “include,” “includes,” and “including” shall be deemed to be followed by “without limitation” whether or not they are in fact followed by such words or words of like import.

(l) Publicity. Except as otherwise required by law or the rules of the SEC, the New York Stock Exchange or Nasdaq, for so long as this Agreement is in effect, no party shall, or shall permit any of their respective subsidiaries to, issue or cause the publication of any press release or other public announcement with respect to the transactions contemplated by this Agreement without the consent of the other parties, which consent shall not be unreasonably withheld; provided, however, that any party hereto may file a copy of this Agreement and the related agreements with the SEC and Acquisition Co. and the Parent may summarize the terms of this Agreement in Acquisition Co.’s tender offer materials and in any oral solicitations made in accordance with Regulation 14D promulgated by the SEC and in any other filings made by Parent with the SEC.

13. Shareholder Capacity. No Shareholder executing this Agreement nor any partner, member, employee or Affiliate of a Shareholder who is or becomes during the term hereof a director or officer of the Company makes any agreement or understanding herein in his or her capacity as such a director or officer, and this Agreement does not bind any partner, member, employee or Affiliate of a Shareholder in such person's capacity as a director or officer. Each Shareholder executing this Agreement does so solely in such Shareholder's capacity as the owner of record and/or Beneficial Owner of the Owned Shares or as having the power to vote or dispose of the Owned Shares and nothing herein (including in Section 4) shall limit or affect any actions taken or omitted to be taken by a Shareholder, or any partner, member, employee or Affiliate of a Shareholder, in his or her capacity as an officer or director of the Company (including, for the avoidance of doubt, any action in the discharge of fiduciary duties in compliance with Section 5.3 of the Merger Agreement); provided, that nothing in this Section 13 shall be deemed to permit any Shareholder to take any action on behalf of the Company that is prohibited by the Merger Agreement.

14. Further Assurances. From time to time, at Parent's or Acquisition Co.'s request and without further consideration, each Shareholder shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

[Remainder of page intentionally left blank]

[Shareholders' Signature Pages to Shareholder Tender Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

[NAME OF SHAREHOLDER]

By: /s/ G. Wayne Andrews
Name: G. Wayne Andrews
Title: Director

[NAME OF SHAREHOLDER]

By: /s/ Paul Baszucki
Name: Paul Baszucki
Title: Director and Chairman

[NAME OF SHAREHOLDER]

By: /s/ Scott G. Christian
Name: Scott G. Christian
Title: Director, President and CEO

[NAME OF SHAREHOLDER]

By: /s/ John R. Eickhoff
Name: John R. Eickhoff
Title: Director

[NAME OF SHAREHOLDER]

By: /s/ James E. Ousley
Name: James E. Ousley
Title: Director

[NAME OF SHAREHOLDER]

By: /s/ Frank P. Russomanno
Name: Frank P. Russomanno
Title: Director

[NAME OF SHAREHOLDER]

By: /s/ Jagdish N. Sheth

Name: Jagdish N. Sheth

Title: Director

[NAME OF SHAREHOLDER]

By: /s/ Mercedes Walton

Name: Mercedes Walton

Title: Director

[NAME OF SHAREHOLDER]

By: /s/ Steven D. Anderson

Name: Steven D. Anderson

Title: Sr. Vice President, Eastern U.S. and Canada

[NAME OF SHAREHOLDER]

By: /s/ Michael E. Laughlin

Name: Michael E. Laughlin

Title: Sr. Vice President, Corporate Customer
Services

[NAME OF SHAREHOLDER]

By: /s/ Roger D. Van Beusekom

Name: Roger D. Van Beusekom

Title: Sr. Vice President, Resale Services

[NAME OF SHAREHOLDER]

By: /s/ Robert J. Vold

Name: Robert J. Vold

Title: Sr. Vice President and CFO

[NAME OF SHAREHOLDER]

By: /s/ Donna M. Warner

Name: Donna M. Warner

Title: Sr. Vice President, Central and Western U.S.

[NAME OF SHAREHOLDER]

By: /s/ Alan R. Perry _____

Name: Alan R. Perry

Title: Vice President, Human Resources

[Parent's and Acquisition Co.'s Signature Page to Tender and Voting Agreement]

**PARENT:
BLACK BOX CORPORATION**

By: /s/ Fred C. Young
Fred C. Young, Chief Executive Officer

**ACQUISITION CO.:
SF ACQUISITION CO.**

By: /s/ Fred C. Young
Fred C. Young, Chief Executive Officer

STOCK OPTION AGREEMENT

This Stock Option Agreement is made and entered into as of December 20, 2004, by and among Black Box Corporation, a Delaware corporation ("Parent"), SF Acquisition Co., a Minnesota corporation and a wholly-owned subsidiary of Parent ("Acquisition Co."), and Norstan, Inc., a Minnesota corporation (the "Company").

WHEREAS, the Company, Parent and Acquisition Co. are entering into an Agreement and Plan of Merger (the "Merger Agreement") of even date herewith providing for (a) a cash tender offer to purchase any and all outstanding shares of (i) common stock, \$.10 par value per share, of the Company (the "Common Stock") and the associated Rights (as defined in the Merger Agreement), at the Per-Share Amount, as defined in the Merger Agreement, net to the seller in cash without interest thereon, upon the terms and subject to the conditions set forth in the Merger Agreement (the "Offer"); and (b) the merger (the "Merger") of Acquisition Co. with and into the Company; and

WHEREAS, as a condition to the willingness of Parent and Acquisition Co. to enter into the Merger Agreement and commence the Offer, Parent and Acquisition Co. have requested, and the Company has agreed to grant Acquisition Co., the option to purchase, as described herein, authorized but unissued shares of Common Stock.

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

1. Grant of Option. On the terms and subject to the conditions of this Agreement, the Company hereby grants to Acquisition Co. an irrevocable option (the "Option") to purchase for the Per-Share Amount, as defined in the Merger Agreement (the "Purchase Price"), shares of Common Stock, in such relative amounts as shall be determined by Acquisition Co. in its sole and absolute discretion, up to such number of shares which, upon exercise, would result in Acquisition Co. owning in excess of ninety percent (90%) of the then-outstanding shares of Common Stock on an as-converted, fully-diluted basis (collectively, the "Optioned Shares"); provided, that the number of shares of Common Stock issuable under the Option may not exceed the number of authorized but unissued shares of Common Stock.

2. Exercise of Option. Subject to the two immediately succeeding sentences, the Option may be exercised by Acquisition Co., in whole or in part, at any one time after the Offer Closing Date (as defined in the Merger Agreement) and until the earlier of (a) immediately following the Closing Date (as defined in the Merger Agreement) and (b) the termination of the Merger Agreement in accordance with its terms. The exercise of the Option is conditioned upon Acquisition Co. and the Parent owning in the aggregate, immediately following such exercise, at least ninety percent (90%) of the outstanding shares of Common Stock. The obligation of the Company to deliver the Optioned Shares at the Option Closing is subject to the following conditions: (i) any applicable waiting period under the HSR Act relating to the issuance of the Optioned Shares will have expired or been terminated, (ii) no provision of any applicable law or regulation and no judgment, injunction or decree shall prohibit the exercise of the Option or the

delivery of the Optioned Shares in respect of such exercise and (iii) Acquisition Co. shall have accepted for payment pursuant to the Offer shares of Common Stock constituting at least 80% of the shares of Common Stock then outstanding. In the event Acquisition Co. wishes to exercise the Option, Acquisition Co. shall give a written notice (the "Notice") to the Company of its intention to exercise the Option, specifying the number of Optioned Shares to be purchased. Such notice shall be delivered to the Company in accordance with the requirements of Section 7(d), and shall specify a date (which may be the date of such notice) not more than three (3) business days from the date such Notice is given for the purchase of the Optioned Shares. The closing (the "Option Closing") of the purchase of the Optioned Shares shall take place at the offices of Buchanan Ingersoll PC, 301 Grant Street, One Oxford Centre, 20th Floor, Pittsburgh, PA 15219, or at such other location as Acquisition Co. shall elect. If any decree, injunction, order, law or regulation shall not permit the purchase of the Optioned Shares to be consummated on the date specified in such Notice, the date for the Option Closing shall be as soon as practicable following the cessation of such restriction on consummation, but in any event within two (2) business days thereof, and in no event shall such purchase be consummated after the termination of this Option pursuant to Section 2. The Notice shall be revocable by Acquisition Co. at any time prior to the exercise of the Option.

3. Payment and Delivery of Certificate(s). At the Option Closing hereunder, (a) Acquisition Co. shall make payment to the Company of the aggregate price for the par value of the Optioned Shares so purchased in official bank check or by wire transfer to a bank designated in writing by the Company; (b) Acquisition Co. shall deliver to the Company a Promissory Note substantially in the form attached hereto as Exhibit A (the "Note") for the aggregate price for the Optioned Shares so purchased minus the amount paid in accordance with clause 3(a); and (c) the Company shall deliver to Acquisition Co. a certificate or certificates representing the number of Optioned Shares so purchased registered in the name of Acquisition Co.. Certificates for Optioned Shares delivered at the Option Closing may be endorsed with a restrictive legend that shall read substantially as follows:

"THE SECURITIES OFFERED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM."

It is understood and agreed that the reference to the resale restrictions of the Securities Act of 1933, as amended (the "Act"), in the above legend shall be removed by delivery of substitute certificate(s) without such reference if Parent shall have delivered to the Company a copy of an opinion of counsel reasonably satisfactory to the Company to the effect that registration of the future resale of the Optioned Shares is not required and that such legend is not required for purposes of the Act.

4. Representations and Warranties of the Company. The Company hereby represents and warrants (such representations and warranties being deemed repeated at and as of any Option Closing hereunder) to Parent and Acquisition Co. as follows:

(a) Due Incorporation. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota and has the requisite corporate power and authority to enter into and perform this Agreement.

(b) Due Authorization, etc. This Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly executed and delivered by a duly authorized officer of the Company and constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent that enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by principles of equity regarding the availability of remedies.

(c) Company's Capital Stock. The Company has taken all necessary corporate action to authorize and reserve for issuance upon exercise of the Option the Optioned Shares. The shares of Common Stock to be issued upon due exercise, in whole or in part, of the Option shall, when issued, be validly issued, fully-paid and non-assessable, and shall be delivered free and clear of all claims, liens, encumbrances and security interests, including any preemptive right of any of the shareholders of the Company. At the time of the Option Closing, the Optioned Shares will be deemed to be owned by Acquisition Co. for purposes of Section 302A.621 of the Minnesota Business Corporation Act.

5. Representations and Warranties of Parent and Acquisition Co. Parent and Acquisition Co. hereby jointly and severally represent and warrant (such representations and warranties being deemed repeated at and as of any Option Closing hereunder) to the Company as follows:

(a) Due Incorporation. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Acquisition Co. is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota. Each of Parent and Acquisition Co. has the requisite corporate power and authority to enter into and perform this Agreement.

(b) Due Authorization, etc. This Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Parent and Acquisition Co. This Agreement has been duly executed and delivered by a duly authorized officer of each of Parent and Acquisition Co., and constitutes the valid and binding obligation of each of Parent and Acquisition Co., enforceable against each in accordance with its terms, except to the extent that enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by principles of equity regarding the availability of remedies.

(c) Distribution. Acquisition Co. acknowledges and agrees that the Optioned Shares have not been registered, and that the Company is under no obligation to register, the Optioned Shares under the Act or any state securities laws. Acquisition Co. is acquiring the Option and will acquire the Optioned Shares to be purchased upon exercise of the Option for its own account and not with a view to the distribution thereof within the meaning of the Act. The

foregoing representation and warranty shall be made by any assignee under Section 7(a) and shall be binding upon such assignee.

6. Adjustment Upon Changes in Capitalization. In the event of any change in the shares of the Company's capital stock by reason of any stock dividend, stock split, merger, recapitalization, combination, conversion, exchange of shares, issuance of shares (or agreements or commitments to issue shares) or the like, the number of Optioned Shares subject to the Option and the purchase price per Optioned Share shall be appropriately and equitably adjusted.

7. Miscellaneous.

(a) Assignment; Guarantee of Acquisition Co.'s Obligations. This Agreement shall not be assigned by Acquisition Co., except to Parent or a wholly-owned subsidiary of Parent, without the prior written consent of the Company. Parent hereby unconditionally guarantees the full and punctual performance by Acquisition Co. of all of the obligations of Acquisition Co. or any of its assignees hereunder and under the Note. In connection with the obligations of Parent under the immediately preceding sentence, Parent hereby waives any and all rights, notices and defenses to which it otherwise would be entitled solely in its capacity as a guarantor under this Agreement or the Note.

(b) Amendments. This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by the parties hereto.

(c) Survival of Representations, etc. All representations, warranties and agreements in this Agreement shall survive the Option Closing.

(d) Notices. All notices, requests, claims, demands and other communications hereunder shall be provided as set forth in the Merger Agreement.

(e) Governing Law; Jurisdiction and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, regardless of any conflicts-of-law principles. In any action between or among any of the parties arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, the Tender and Voting Agreement and the Merger Agreement: (a) each of the parties irrevocably and unconditionally consents and submits to the non-exclusive jurisdiction and venue of the state and federal courts located in the Western District of the Commonwealth of Pennsylvania (and agrees not to commence any such action except in such courts) and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action brought in such court has been brought in an inconvenient forum; (b) if any such action is commenced in a state court, then, subject to applicable Law, no party shall object to the removal of such action to any federal court located in the Western District of the Commonwealth of Pennsylvania; (c) each of the parties irrevocably waives the right to trial by jury; and (d) each of the parties irrevocably consents to service of process by first-class certified mail, return receipt requested, postage prepaid, to the address at which such party is to receive notice in accordance with Section 9.12 of the Merger Agreement.

(f) **[Intentionally Omitted.]**

(g) Execution in Counterparts. For the convenience of the parties, this Agreement and any amendments, supplements, waivers and modifications may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

(h) Effect on Headings. The Section headings herein are for convenience only and shall not effect the construction hereof.

(i) Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the matters referred to herein and supersedes all prior agreements or understandings, both written or oral, among the parties, or any of them, with respect to the subject matter hereof.

(j) Specific Performance. Parent, Acquisition Co. and the Company each acknowledge and agree that the other would be irreparably damaged in the event any of the provisions of this Agreement were not performed by it in accordance with their specific terms or were otherwise breached. Accordingly, each party shall be entitled to an injunction or restraining order to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof. In particular, the Company agrees that if for any reason the Company shall have failed to issue Optioned Shares or to perform any of its other obligations under the Agreement, then Parent and Acquisition Co. shall be entitled to specific performance and injunctive and other equitable relief and the Company agrees to waive any requirement for the securing or posting of a bond in connection with the obtaining of any such injunctive or other equitable relief. This provision is without prejudice to any other rights a party may have for any breach of this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Parent, Acquisition Co. and the Company have caused this Stock Option Agreement to be duly executed on the day and year first above written.

COMPANY:

NORSTAN, INC.

By: /s/ Scott G. Christian

Scott G. Christian, President and
Chief Executive Officer

PARENT:

BLACK BOX CORPORATION

By: /s/ Fred C. Young

Fred C. Young, Chief Executive Officer

ACQUISITION CO.:

SF ACQUISITION CO.

By: /s/ Fred C. Young

Fred C. Young, Chief Executive Officer

[SIGNATURE PAGE TO STOCK OPTION AGREEMENT]

EXHIBIT A
NON-TRANSFERABLE PROMISSORY NOTE

FOR VALUE RECEIVED, SF Acquisition Co., a Minnesota corporation (“the Maker”), hereby promises to pay to Norstan, Inc., a Minnesota corporation, the principal amount of [](\$), with no interest, on [six months after the date of exercise] by wire transfer of immediately available funds to an account designated by the payee. The amount due hereunder shall be payable in money of the United States of America lawful at such time for the payment of public and private debts.

The Maker hereby waives presentment, diligence, protest and demand, notice of protest, demand, dishonor and nonpayment of this Note, and all other notices of any kind in connection with the delivery, acceptance, performance, default or enforcement of this Note.

This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to the principles of conflicts of laws thereof.

IN WITNESS WHEREOF, the Maker has caused this Note to be executed as of the day of , 2004.

SF ACQUISITION CO.

By: _____

Name: _____

Title: _____